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Corporate citizenship in Africa

LESSONS FROM THE PAST; PATHS TO THE FUTURE

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2005 saw a renewed interest in development and Africa, both regionally and internationally, most notably with the publication of *Our Common Interest*, the Commission for Africa's Report chaired by the British Prime Minister with representatives from across Africa. This led to a special focus on Africa at that summer's G8 Summit at Gleneagles in Scotland, where, among other initiatives, the USA agreed to reform, to some extent, its aid budgets to poor countries. This was, of course, before hurricanes Rita and Katrina hit the southern states of the US later in the year, exposing significant levels of poverty and neglect within the world's richest country. The G8 meeting was preceded by Live8,¹ which was seen globally by some 3 billion people, making it the world's single largest event. Prior to this concert 30 million people signed a petition to the G8 lead-

1 www.live8live.com

ers. As this book goes to press discussions are taking place on reform of the United Nations; one of the issues is how Africa could be better represented on the Security Council and other UN bodies.

Despite this progress, much of the literature on Africa remains problem-focused, seeing Africa either as a moral dilemma for the rest of the world or as good aid money poured down the drain. This attitude is propped up by a plethora of statistics that show how Africa remains a marginal region in global terms: with 12% of the world's population (around 750 million people) in 53 countries, Africa accounts for less than 2% of global gross domestic product (GDP) and foreign direct investment (FDI), and less than 10% of FDI to all developing countries. Of the 81 poorest countries prioritised by the International Development Association, almost half are in Africa. And, even within Africa, there is highly skewed development, with the largest ten economies accounting for 75% of the continent's GDP.

But there is also a growing desire to develop a better understanding of the world's second largest continent and to celebrate the life of its people, literature, poetry, music, sport and social structures. And, despite generally negative press, there has been significant progress on the continent over the past decade. Fifteen countries, including Uganda, Ethiopia and Burkina Faso, have been growing on average more than 5% per year since the mid-1990s. And FDI rose to US\$8.5 billion in 2004, up from US\$7.8 billion the previous year. At the same time, Africa's new generation of leaders, through initiatives such as the New Partnership for Africa's Development (NEPAD), the African Union and the East African Community, are taking responsibility for development.

Higher quantity and quality of scholarly research is obviously needed, but so too is a change in media perceptions outside Africa so that its richness is reflected on television screens around the world. *Our Common Interest* pointed out that Africa is different, that Africa's development must follow a different path because of its history. For instance a snapshot of Africa in 2005 tells us that:

- Most people in Africa have never received or made a telephone call, but now 75% of all telephones are mobile phones
- Nine out of ten Africans are proud to be African (whereas less than four out of ten British people are proud to be British)
- Railway lines in Africa tended to be built to bring raw materials to ports for export to Europe, rather than connecting centres of populations as elsewhere in the world
- The boundaries of many countries were set by European colonial powers with little regard for geography, local communities or resource distribution
- Agriculture in many African countries is still determined by exports to the rest of the world, often in commodities such as coffee, sugar and cocoa, which have volatile prices
- The largest growth in trade in the last five years has not been inter-African, or to North America, or to Europe, or to Japan, but to China
- Banks outside Africa hold some US\$80 billion in assets stolen from Africans by their leaders

- For every US\$2 Africa receives in aid it pays US\$1 in debt repayments
- Estimates suggest that, if Africa could gain an additional 1% of the global trade, it would earn US\$70 billion more in exports each year—more than three times what the region currently receives in international assistance
- Every European cow is subsidised by US\$2 a day—the equivalent of the daily income of half the population of Africa
- One million South Africans live in the UK
- There are more African scientists and engineers working in the US than in the whole of Africa
- Trade with the world has fallen from 6% in 1980 to 2% in 2005

Business has been central to Africa's development for centuries, and there are questions that must be asked of its role, both past and present, if we are to understand where to go next. This book and its stories are a contribution to understanding the role of business in Africa, specifically in relationship to the role that business has and hasn't played in Africa's under-development.

The track record of big business in Africa is mixed at best. There is certainly no shortage of examples of specific corporate complicity in political corruption, environmental destruction, labour exploitation and social disruption, stretching back more than 100 years. Equally, however, there is voluminous evidence of the benefits of business generally, bringing capital investment, job creation, skills transfer, infrastructure development, knowledge sharing and social responsibility programmes to countries throughout Africa.

Despite this polarisation of the debate, there is general agreement that the private sector remains well placed to make a significant positive contribution towards improving social, economic and environmental conditions in Africa. Recognition of this role is especially evident in the recent spate of publications on business's potential to impact on development and poverty alleviation. These envisaged corporate contributions are most often discussed in terms of corporate citizenship or corporate social responsibility (CSR). Hence, corporate citizenship is enmeshed in the debate about Africa's future. Arguably, Africa is the continent where the social needs are greatest and where the benefits of economic globalisation have been least felt.

What makes corporate citizenship in Africa not only fascinating, but also of critical importance, is that the continent embodies many of the most vexing dilemmas that business faces in its attempt to be responsible, ethical and sustainable: When do local cultural traditions take precedence over global standards and policies? How far do companies' responsibilities extend in providing public services? When does involvement in local governance become an unhealthy intrusion into the political process? How can business avoid creating a culture of entitlement and dependency through its charitable activities? Do global companies have a right to impose Western ideas of ethics on African societies that have their own, often different, sets of values (a question that Rajak's chapter in this book contemplates)?

The essence of these debates is in the question: Corporate citizenship or CSR according to what (or whose) definition? And is it a definition that is relevant to the African context? For example, Visser (2006) argues that the relative priorities of CSR in Africa

are different from the classic, American ordering suggested by Carroll's (1991) widely accepted four-part CSR pyramid, where economic, legal, ethical and philanthropic responsibilities are assigned decreasing importance, respectively. If we accept Carroll's model for the moment, then in Africa, economic responsibilities still get the most emphasis, but philanthropy is often given second highest priority, followed by legal and then ethical responsibilities by corporations.

However, there is a strong case to suggest that Carroll's model itself is inadequate for describing the complexities and dynamics of corporate citizenship. If this is true elsewhere in the world, it is even more so in Africa where conflicts and contradictions tend to be the norm, rather than the exception: how to reconcile job creation and environmental protection, short-term profitability and Aids treatment costs, oppressive regimes and transparent governance, economic empowerment and social investment?

The limitations of the Carroll pyramid can also be illustrated by the ambiguity of classifying corporate activities into his four layers. For example, would Aids treatment be regarded as primarily an economic responsibility (given the medium- to long-term effects on the workforce and economy), or is it ethical (because Aids sufferers have basic human rights), or is it philanthropic (after all, it is a public health issue, not an occupational disease)?

De Jongh and Prinsloo (2005) concur, emphasising that the challenges facing corporate citizenship in Africa involve messy, 'on the edge of chaos' scenarios. Hence, rather than tinkering with Carroll's pyramid, perhaps we should be looking for alternatives that better describe the reality of corporate citizenship? Indeed, in attempting to understand the citizenship practices of a multinational mining company in Africa, Hamann *et al.* (2005) find complexity theory to be a much more useful model than Carroll's CSR pyramid. In addition to complexity theory (McIntosh 2003), other refreshing perspectives that hold promise for providing a better understanding of corporate citizenship in Africa include holism (Visser 1995; Visser and Sunter 2002), chaos theory (De Jongh and Prinsloo 2005) and spiral dynamics (Beck and Cowan 1996; Van Marrewijk and Werre 2002).

Encouragingly, Africa's academia is beginning to respond. In 2003 the Sustainability Institute at Stellenbosch University offered a week's course on corporate citizenship as part of an MPhil in Sustainable Development which is also open to the general public.² Also in 2003, the University of South Africa established its Corporate Citizenship Unit, and in July 2005 held the first academic conference on corporate responsibility on the continent attracting scholars from across Africa.³ Shortly afterwards *The Journal of Corporate Citizenship* produced a special issue on Corporate Citizenship in Africa.⁴

This book is a further contribution to the evolving academic voice on corporate citizenship in Africa. The chapters have been broadly grouped by theme, beginning with the Introduction and overview, followed by sections on *Leadership and governance*,

2 www.sustainabilityinstitute.net

3 *1st Southern African Corporate Citizenship Symposium: Priorities for Research and Teaching on Business and Sustainable Development*, Unisa Graduate School of Business Leadership, Midrand, South Africa, 21–22 July 2005.

4 *Journal of Corporate Citizenship*, Issue 18 (Summer 2005), Special Issue on Corporate Citizenship in Africa, edited by Wayne Visser (International Centre for Corporate Social Responsibility, UK), Charlotte Middleton (National Business Initiative, South Africa) and Malcolm McIntosh (Universities of Bath, UK, and Stellenbosch, South Africa).

Community and environment, Health and HIV/Aids, Industries and sectors, Supply chain and SMEs (small and medium-sized enterprises) and, finally, *Globalisation and conclusion*.

Visser's chapter ('Research on corporate citizenship in Africa: a ten-year review [1995–2005]') sets the scene by providing a brief analysis of corporate citizenship research focused on Africa over the past ten years. He concludes that the volume of published research is still extremely low, most papers focus on business ethics and the coverage is almost exclusively on South Africa. Hence, there is great scope for expanding the amount of research on corporate citizenship in Africa, as well as improving the diversity of its content and its geographic reach.

The *Leadership and governance* section brings together four excellent chapters about the importance of strategic and top-management commitment for embedding corporate citizenship. Lynham, Taylor, Dooley and Naidoo ('Corporate leadership for economic, social and political change: lessons from South Africa') tell the story of the remarkably progressive actions of a few business leaders in helping to bring about South Africa's transformation to democracy. The chapter discusses the implications of this somewhat atypical business behaviour in terms of models of leadership and the role of business in furthering sociopolitical goals.

Hansen and Ryan ('Follow the rising polestar: an examination of the structures governing corporate citizens in South Africa') look for leadership in a more institutional sense, using the notion of a polestar as the central guiding principle that informs different kinds of governance structure. This chapter explores two polestars—the shareholder polestar and the stakeholder polestar—and argues that South Africa has moved from the former to the latter, which is a more appropriate approach in the African context.

Wanyama, Burton and Helliard ('Corporate governance and accountability in Uganda: a stakeholder perspective') offer another national perspective, examining the extent to which stakeholders in Uganda perceive the country's present corporate governance framework to be effective in providing confidence about the business sector. The research study concludes that, although progress has been made, gaps in accountability and perceptions of corruption still hamper attempts to develop stronger corporate governance mechanisms.

Finally, in this section, Snyckers ('Evading corporate social responsibility through tax avoidance') raises the often ignored dilemma of companies pursuing conflicting strategic goals: in this case, trying to minimise tax payment on the one hand and claiming to be good corporate citizens on the other. The chapter argues that tax compliance by companies in Africa should be central to any discussion and practice of corporate social responsibility and presents a way in which to conceptualise and justify this relationship.

The next section, on *Community and environment*, presents three chapters that emphasise the social and ecological dilemmas often faced by business in Africa. Egels-Zandén and Kallifatides ('The corporate social performance dilemma: organising for goal duality in low-income African markets') use the case study of a rural electrification project by ABB in Tanzania in order to illustrate the corporate social performance dilemma faced by many multinationals in Africa: namely, how to simultaneously achieve stakeholder legitimacy and economic growth. The chapter finds the dilemma is dealt with in practice by a partial decoupling of the project's structural and output social performances.

Hayes ('Grounding African corporate responsibility: moving the environment up the agenda') finds that, in Africa, the environment gets a relatively low priority when compared with corporate responsibility agendas in Europe and North America. The chapter builds a strong case for why the environment is an essential ingredient of corporate responsibility within a developing-country context and highlights various institutions and mechanisms that can play a role in moving environment up the African agenda.

Stiles, with Pierre Chantraine ('Voluntary initiatives and the path to corporate citizenship: struggles at the energy–environment interface in South Africa'), adds an industry-sector dimension to the environmental management debate, looking at voluntary initiatives in the context of energy and environment. The chapter finds that a recent initiative, which involves a voluntary accord on energy efficiency, provides the best available example of the historical antipathies between government and business, and between business and the environmental community.

In the section on *Health and HIV/Aids*, all three chapters adopt a case-study approach to illustrate the extent to which progress has been made (or not, as the case may be) in this critical area of corporate citizenship. Kilbourne and Porter ('The ethical governance of health: a case study of worker health in Kenyan floriculture') present a stakeholder survey on the ways in which worker health and well-being are interpreted and prioritised in the supply chain. The chapter concludes that worker health and welfare standards are not sufficiently governed or sustainable when applying transnational ethical standards without brokering a multi-sectoral approach that includes a local context of support.

Hartwig, Rosenberg and Merson ('Corporate citizenship, Aids and Africa: lessons from Bristol-Myers Squibb Company's Secure the Future') use the conceptual framework of corporate citizenship to evaluate the performance of a US\$100 million project in the pharmaceutical industry aimed at finding sustainable solutions for women, children and communities affected by the HIV/Aids epidemic in Southern Africa. The chapter finds that early and continued stakeholder consultation with government officials and other local stakeholders, and transparency of goals and processes, are among the critical success factors.

Peterson and Shaw ('De Beers: managing HIV/Aids in the workplace and beyond') look at the HIV/Aids challenge from the perspective of a company and industry that is having to actively manage its impacts on business. The chapter shares successes within the De Beers HIV/Aids Programme, and speaks frankly in new areas of focus, lessons learned, and of ideas for HIV/Aids management into the future, including its implications for the African context of corporate citizenship.

The *Industries and sectors* section presents four perspectives on three sectors: mining, oil and telecommunications. Puppim de Oliveira and Ali ('Can oil corporations positively transform Angola and Equatorial Guinea?') counter popular arguments about 'Dutch disease' or the 'resource curse' that are usually associated with the oil sector. The chapter points to the emerging social responsibility and environmental movements, as well as improvements in regulation in Africa, to show how oil development could be a positive force in the continent's emerging markets.

Reichardt and Reichardt ('Tracking sustainability performance through company reports: a critical review of the South African mining sector') turn the spotlight on the sustainability reporting practices of resource companies, arguing that stakeholders need consistent and comparable performance data in order to make informed judge-

ments. The chapter concludes that most South African mining companies are still not using the annual or sustainability report as an effective tool to build stakeholder relationships and trust.

Rajak ('The gift of CSR: power and the pursuit of CSR in the mining industry') looks at the same sector through a more philosophical lens and explores how CSR, seen through the metaphor of a gift, creates benefactors and recipients, which in turn builds structures for patronage and dependency. The chapter questions whether the corporate shift from philanthropy to responsibility is fact or fiction.

Finally in this section, Muthuri and Mwaura ('The digital divide and CSR in Africa: the need for corporate law reform') critically review the use of information communication technologies (ICT) as a development strategy for the continent. The chapter contends that initiatives geared towards bridging the digital divide and promoting e-government could be enhanced by reforming corporate laws in order to recognise corporate social responsibility.

The *Supply chain and SMEs* section presents three case studies to show different ways of involving smaller companies in the pursuit of corporate citizenship goals. T Hooft ('Up-lifting power: creating sustainable consumer-driven supply chains through innovative partnerships in Ghana') describes the creation of a public-private partnership called the Africa Sustainable Assistance Project in Ghana. The chapter distils the lessons of overcoming organisational and cultural challenges through multi-stakeholder co-operation.

Beczner, Gower and Vizzoni ('Women's gold: finding a market for Dagara shea butter') present the thinking behind a proposed project that has the goal of creating a sustainable business in Burkina Faso. The chapter explores and evaluates the various international supply chain options that would allow the establishment of an economically viable business that simultaneously creates social value and secures environmental protection in a culturally rich community.

Tesfayohannes ('Elements of SMEs' policy implementation in sub-Saharan Africa: the case of Botswana') examines why the development of SMEs has largely failed as a strategy for achieving economic diversification and sustainable development. The chapter proposes various elements of an SME policy implementation framework that would be needed to improve the effectiveness of SMEs as a corporate citizenship strategy in Africa.

In the final section, *Globalisation and conclusions*, two chapters link the corporate citizenship debate in Africa to the wider context of globalisation. Orock ('An overview of corporate globalisation and the non-globalisation of corporate citizenship in Africa') takes a critical perspective on the role of big business in Africa. The chapter argues that the marginalisation of Africa from the benefits of globalisation is largely due to the unwillingness of many multinational corporations to globalise their notions and practice of corporate citizenship from their Northern 'home' to their African 'host' countries.

Finally, McIntosh ('Treading lightly: creating harmony and co-operation in Africa') offers some reflections on what it will take for business in general, and corporate citizenship in particular, to become a significant force for positive change on the continent. The chapter concludes that companies are going to have to take their social responsibilities and the ecological limits of the planet far more seriously if they are to improve

their legacy in Africa and ensure sustainability, not only on the continent but also around the world.

Africa must determine its own future, but it cannot do so unless the outside world and its diasporas pay more attention to the issues. So this book is directed to Africans *and* others, living both on the continent and abroad, who share an interest in and a passion for Africa and want to play a role in helping to tackle its challenges and embrace its opportunities. We hope that this set of thought-provoking chapters on corporate citizenship in Africa serve as a useful contribution to the growing scholarly interest in a subject that has received significant attention around the world in recent years, but only scant attention on this vast continent.

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