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cea@iscte.pt

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Tallio, Virginie

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Virginie Tallio

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**MULTINATIONAL ENTERPRISES IN AFRICA:
CORPORATE GOVERNANCE, SOCIAL RESPONSIBILITY
AND RISK MANAGEMENT**

Virginie Tallio

Centro de Estudos Internacionais (CEI-IUL)
Instituto Universitário de Lisboa (ISCTE-IUL)
Avenida das Forças Armadas, 1649-026 Lisboa, Portugal

virginie.tallio@gmail.com

This dossier steams from a panel presented at the Fifth European Conference on African Studies in 2013 in Lisbon. We wanted to think about the consequences of the involvement of the multinationals in Africa. Indeed, foreign direct investment has increased in Africa and will constitute the first source of financial flow for the next year (OCDE, 2014) while the world trend has known a continuous decrease. Indeed, Africa is appealing for multinationals. It knows two-digits growth rates, has an economic potential to exploit (OCDE, 2011) and constitutes an emerging market for the multinationals, with the expansion of a middle class that has an increasing purchasing power (Tallio, 2013). On the other hand, the continent is still facing severe social problems, such as high rates of poverty and social inequality, and environmental carelessness. Multinationals act then in a complex environment. Governments, African citizens and the international public opinion are well aware of these contradictions and put pressure on the multinationals to measure and redress these imbalances (Forstater, Zadeck, Guang, Kelly, Hong & George, 2010) as they are seen as the cause of it or at least as having enough power to act efficiently on them.

In that respect, corporations use two main tools: the CSR policies in order to thwart the inexistent or negative impact that their activities may have on the development of the area where they operate or of the country in general; and the calculation of the risk in order to assess whether the investments are worth it once that the after-effects their activities imply are taken into consideration.

The CSR policies aim at strengthening the participation of the corporations to the development of the country. Several reasons can explain the involvement of companies in this field. The government can require such a commitment by law, and this in different ways such as the payment of a tax that will supply a social fund or investing a part of the benefits of the company in social or ecological projects. The enterprise can have a well-defined CSR policy at the national or the headquarters level that it implements in any work place. Finally, the corporation can be under scrutiny of the public opinion. The implementation of CSR programs in this case allow to greenwash its public image and to buy social peace. Not only liberalisation of the economy is a strong tendency, especially on the African continent, but in this case, it takes most of the times in a context where most of the times public institutions are weak, where some State prerogatives are delegated to the private sector and, in a contradictory but parallel process, where the government has few grasp on the decisions taken and implemented by the multinationals. It questions eventually the potential privatisation of the State, in the continuity of the debate launched a decade ago by Hibou (1998).

The measure of the risk taken by the enterprises is important to know whether the profit will counterbalance the hazards of the business, not only understood in financial terms but also regarding its social impact and its public image. Risk takes three main forms: environmental – the negative impact of industrial processing; social – disrespect of human rights; and political – the weakening of public control without being replaced by any other consistent solution.

The industries based on natural resources illustrate accurately this situation. They lead the growth of many African countries and will constitute in the next years the comparative advantage of this continent. This business is thus of strategic importance (OCDE, 2013) but because their activities rarely benefit the population and have high social and environmental costs, they are very easily under scrutiny of the international public opinion and are now used to manage warily the (potential) consequences of their actions at the social and environmental levels.

The three study cases illustrate different aspects of the challenges that the involvement of the multinationals in Africa implies. They are all built upon solid field work and give empirical insights on the way the multinationals deal with the other actors on their field in contexts that are characterized by political instability, weak social redistribution and a different culture than their own. Youssoufou Hamadou Daouda addresses the issue of the governance of the CSR and takes the example of Niger and the French energy enterprise Areva. He explores the conditions that are necessary for a CSR policy to contribute efficiently to development, regarding the context of poverty and of political instability of the area. He underlines the crucial role that the State has to play while this last one often thinks that it can delegate its prerogatives to the private sector. Luca Bussotti's article analyses how Mozal, an aluminium production joint-venture, managed the social and environmental risk involved by the "bypass" they used during six months. It describes how the different parties involved, be they the government, the enterprise or the expression of public opinion through the intermediary of the media, have tackled the issue. It eventually raises the question of the validity of a discourse on risk, its management and its avoidance in a fragile democracy. Eghosa Osa Ekhator addresses the issue of the ambiguities of the concept of "corporate social responsibility" which lacks a clear definition, or at least a consensual one. He details the CSR activities of Addax, a Chinese oil firm. Indeed, the Chinese investment in Africa is a burning issue and is often accused of poor involvement on human rights and on workers' rights, and of overlooking the social and environmental consequences of their activities. It is then illuminating to learn about

the way Chinese implement CSR activities. Indeed, as Ekhatior indicates, Chinese features are favoured to implement their CSR activities in Africa. Eventually, all these articles allow us to understand better how the enterprises operate in Africa not only as economic actors but as well as political subjects.

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