

A VIEW ON AFRICA— INTRODUCTORY REMARKS

Multinational Corporations and Corporate Control
(Mini-)Lecture 5

Strategic Leadership and Global Management
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Africa

A month after Niger, Military takes over power in Gabon

By **Bridget Chiedu Onochie, Abuja**

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Just a month after the military in the Republic of Niger ousted a democratically elected president in a coup d'état, their counterpart in Gabon announced on television that they had cancelled the country's election and had seized power.

With the coup in Gabon, seven African countries are currently under military rule: Chad, Niger, Burkina Faso, Guinea, Sudan and Mali.

The coup in Gabon came as the country was rounding off voting in the general election that took place on August 26 general elections.

Described as the CTRI (Committee of Transition and Restoration of Institutions), the military officers based their actions on the grave political crises rocking the country due to irresponsible governance.

“Today, our country is going through a grave political crisis due to irresponsible, unforeseeable governance that has resulted in the steady degradation of social cohesion which risks leading the country to chaos.



AFRICA IS DIFFERENT! (1)

	Africa	East Asia & Pacific	South Asia	Latin America	Europe & Central Asia ^a	European Union (EU)	North America
<i>Diversity</i>							
Ethnic diversity	0.63	0.37	0.52	0.39	0.40	0.20	0.60
Religious diversity	0.45	0.40	0.31	0.42	0.44	0.35	0.76
Linguistic diversity	0.58	0.44	0.57	0.18	0.36	0.23	0.41
<i>Global integration</i>							
Trade (% GDP)	75.35	44.01	38.99	51.4	62.85	92.18	29.65
FDI, net inflows (% GDP)	2.80	1.51	1.58	3.00	2.21	1.14	1.51
FDI, net outflows (% GDP)	0.13	0.95	0.37	0.70	0.86	1.24	0.86
Remittances, received (% GDP)	4.45	0.57	3.89	2.00	2.00	0.78	0.04
<i>Labor market and human development</i>							
Informality (% GDP) ****	34.40	23.10	28.18	34.33	35.54	16.36	11.25
Total population (in millions)	1273	2103	1836	589	419	447	365
Population growth (annual %)	2.20	0.57	1.18	1.00	0.45	0.06	0.55
Population under 15 years old, % total	39.02	20.36	28.01	24.30	21.16	15.13	18.27
Population in urban areas (% population)	47.31	56.59	34.43	80.20	67.18	74.74	82.36
Literacy rate (% population > age 15)***	69.08	96.03	72.95	94.20	99.04	n.a.	n.a.
School enrollment, tertiary (% gross)	13.81	45.79	25.30	51.40	74.83	73.07	86.71

Source: Nachum, L., Stevens, C.E., Newenham-Kahindi, A. *et al.* (2023) Africa rising: Opportunities for advancing theory on people, institutions, and the nation state in international business. *Journal of International Business Studies* 54, 938–955. <https://doi.org/10.1057/s41267-022-00581-z>

AFRICA IS DIFFERENT! (2)

	Africa	East Asia & Pacific	South Asia	Latin America	Europe & Central Asia ^a	European Union (EU)	North America
Individuals using Internet (% population)	31.20	62.04	35.33	68.00	77.05	83.84	90.15
Mobile subscriptions (per 100 people)	87	126	86	103	131	122	106
<i>Economic development</i>							
GDP, PPP (millions \$) *	5464	30,145	11,462	9130	9260	19,850	22,417
GDP per capita, PPP (thousands \$)*	6020	14,330	6244	16,034	22,114	44,388	61,251
GDP per-capita growth (annual %)	0.95	5.17	2.83	– 0.30	1.86	1.75	1.57
GDP per person employed (thousands \$)*	18,508	27,259	18,289	35,091	51,951	97,693	124,636
Manufacturing, value added (% GDP)	10.55	25.70	13.67	13.00	14.66	14.92	10.85
Market cap, domestic companies (% GDP)***	34.3	49.4	77.5	44.4	26.4	51.5	144.9
<i>Institutional quality and governance</i>							
Quality of governance (WGI)**	29.16	57.86	35.07	53.39	66.62	87.60	85.96
Ease of doing business score**	52.83	60.33	58.17	60.00	73.55	76.22	81.82
External debt stocks (% GNI)	47.83	18.00	22.30	40.80	46.60	n.a.	n.a.
General government expenditure (% GDP)	16.2	15.9	10.8	16.2	16.7	20.6	14.4
Inflation, GDP deflator (annual %)	12.50	1.69	4.01	3.20	3.95	2.20	1.79
Total reserves (% total external debt)	73.17	126.30	67.70	41.50	55.70	n.a.	n.a.

Source: Nachum et al. (2023)

AFRICA: IB THEORY'S CHALLENGES AND OPPORTUNITIES

Topical issue	Attributes of Africa	Implications for theory
Demographics	Africa's population is young and growing rapidly	The young, tech-savvy population has implications for theories relating to learning and innovation (e.g., technology leapfrogging) and FDI strategy (e.g., Africa is experiencing a shift from asset-seeking extractive FDI to market-seeking service-sector FDI)
Economic growth	While some countries have been left behind, others are experiencing rapid growth	It remains unclear whether African countries' development path will resemble other countries' (e.g., emerging economies in East, Southeast, and South Asia) or whether they will follow distinct pathways, with implications for trade and FDI (inward and outward)
Global connectivity	While rising, Africa's share of global FDI and trade lags those of other regions	This has implications for theory related to learning, governance, and global value chains (GVCs), especially with respect to breaking into existing relationships
Intra-regional linkages	Despite its geographic fragmentation, regional blocs (EAC, ECOWAS, etc.) and continent-wide pacts (African Union, African Continental Free Trade Area) are developing	Increased integration has implications for spillovers of information, people, and trade; these are salient for theories pertaining to, among others entrepreneurship, stakeholder management, FDI, and trade
Language	Africa has thousands of indigenous languages in addition to those brought by colonial and other outside forces	Language is an important issue for theories of FDI location choice and trade patterns, along with stakeholder management, legitimacy, and social license to operate
Ethnic fragmentation	Many nations have diversity of ethnic groups, and many ethnic groups span national borders	Ethnicity affects a wide range of IB issues, including social networks, subsidiary management, non-market strategy, political risk, and corruption
Governance	Many countries have enacted substantial improvements in governance quality and the rule of law. In addition to formal institutions, policymakers, political will, and policy enforcement play an important role	There are implications for the role of agency in institutional theory (e.g., the question of whether institutions shape firm behavior, or whether/how MNEs shape institutions through institutional entrepreneurship, non-market strategies, and state capture). Within- and cross-country variation allows researchers to address the question of <i>which</i> institutions matter for IB
Human capital	Human capital, especially entrepreneurial human capital, has played a large role in Africa's 'rise' Human capital has limited location-boundedness and is only loosely tied to a country's average level of formal education	This has implications for the OLI paradigm, theories of locational and ownership advantage, and foreign entry strategy (including location choice, entry mode, and partner selection). Forms of firm-specific assets related to entrepreneurship in an IB context remain under-researched: resilience, adaptability under conditions of volatility, comfort with the informal economy, the role of social networks and diaspora linkages
Diaspora	Africa has a large and important diaspora, along with an under-examined 'inverse diaspora' population	There are implications for theories of human and social capital, and constructs including cultural and psychic distance. Migrant and diaspora communities are underappreciated factors in national and sub-national location choice, venture financing, and immigrant entrepreneurship.
Informal economy	Much of Africa's growth has been catalyzed, rather than hindered, by the informal sector	The informal economy has been understudied by IB scholars; however, MNEs are increasingly leveraging it in their supply chains and in how they relate to stakeholders

Source: Nachum et al. (2023)

SPECIFIC “AFRICAN” CONCEPTS (1): UBUNTU

Ubuntu, pronounced [ùbúntú], refers to a philosophy of life practiced in everyday life from African traditions, especially in southern Africa. The word ubuntu comes from the Bantu languages of the Zulu and Xhosa peoples and means something like "humanity," "charity," and "public spirit," as well as the experience and awareness that one is part of a whole.

This denotes a basic attitude based above all on mutual respect and recognition, respect for human dignity and the striving for a harmonious and peaceful society, but also on the belief in a "universal bond of sharing that connects everything human." One's personality and community are closely related in the Ubuntu philosophy.

Ubuntu also contains political and religious-spiritual aspects that emphasize the responsibility of the individual within his or her community. There are attempts by the South African Constitutional Court to incorporate this African cultural value in the interpretation of fundamental rights in the South African Constitution.



<https://www.bbc.com/reel/ideo/p0bqvs1f/the-philosophy-that-can-change-how-you-look-at-life>

Sources: Quote taken from [https://de.wikipedia.org/wiki/Ubuntu_\(Philosophie\)](https://de.wikipedia.org/wiki/Ubuntu_(Philosophie)) (translated by www.deepl.com). Picture originally from www.quotesgram.com

SPECIFIC “AFRICAN” CONCEPTS (2): AFRICAPITALISM

Africapitalism is the economic philosophy that the African private sector has the power to transform the continent through long-term investments, creating both economic prosperity and social wealth. The term goes back to Nigerian philanthropist, private investor and former banker Tony O. Elumelu. Characteristics of Africapitalism include:

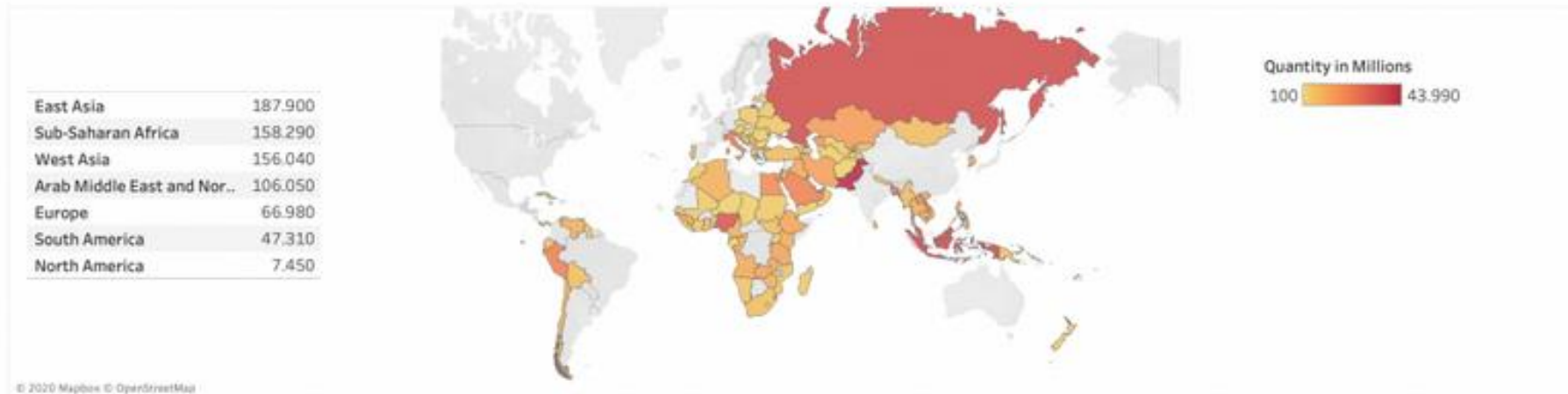
- **Transforming private investment into social wealth**, with homegrown African businesses meeting social and economic needs by creating goods and services with an innate understanding of the local environment. These businesses can bring private capital to vital infrastructure like road transport and power generation, and can create jobs for Africans and an African middle class.
- **Promoting entrepreneurship**. Elumelu has claimed that one of the primary roles of African governments should be in "creating the right environment for a new crop of entrepreneurs to emerge," and has described entrepreneurship as "the cornerstone to African development."
- **Elements of social enterprise**. Aspects of Africapitalism share similarities to social enterprise schemes, which champion the dual pursuits of profit and social good through long-term investments.
- **Local value creation**. Local value creation is an explicit effort on the part of businesses and African policymakers to facilitate more value addition within African economies to ensure more of the benefits of the continent's natural resources remain in Africa.

Source: <https://en.wikipedia.org/wiki/Africapitalism>



FINAL THOUGHT AND OUTLOOK: CHINESE BRI ENTERING AFRICA

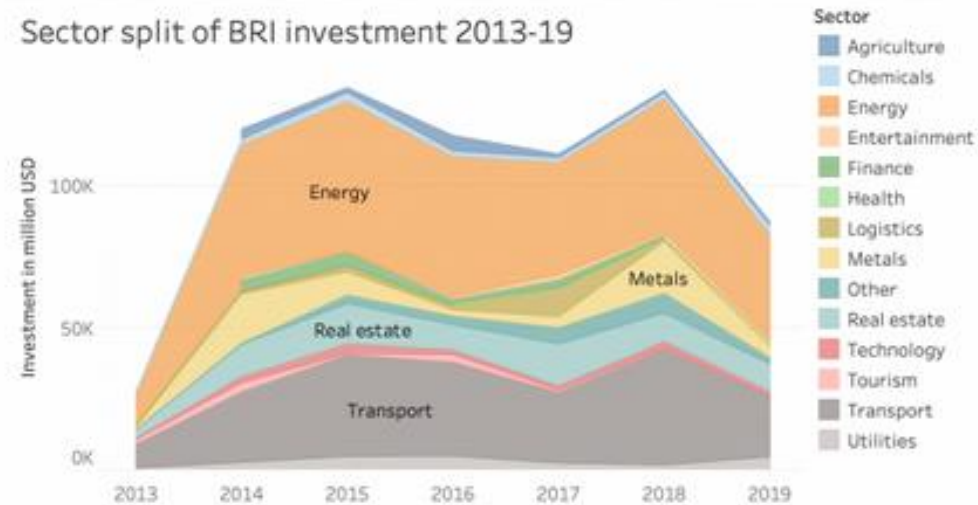
Investments in BRI countries 2013-19



Sector split of BRI investments



Sector split of BRI investment 2013-19



Source: American Enterprise Institute (AEI) China Investment Tracker 2019
(c) International Institute of Green Finance (IIGF)

Source: <https://green-bri.org/belt-and-road-initiative-qinfo/#>

INTRO TO OUR CONVERSATION WITH GUESTS FROM TWO COUNTRIES

Rwanda

(Capital: Kigali)



- 1884 to 1916 part of German East Africa; independent since 1962
- Due to structural problems, a high population density and conflicts between the Hutu and Tutsi ethnic groups, the country was long one of the poorest in Africa.
- Since the end of the civil war and the genocide in 1994, economic reconstruction process with high growth rates.
- Authoritarian system of government internationally criticized for lack of freedom of the press, suppression of the opposition, manipulation of elections and destabilization of eastern Congo.

Senegal

(Capital: Dakar)



- 1895 French colony, independence 1960
- Multi-party system and thus one of the few democratic states on the African continent
- Since the 1980s, impoverishment and growing social tensions due to dependence on a few export commodities such as peanuts, phosphates and fish, rapid population growth and national debt
- Recent signs of economic recovery

Source: based on Wikipedia