Poverty and Corporate Social Responsibility in Africa:
a Critical Assessment
by

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Abstract
The desktop study is on poverty and underdevelopment, which continues to be a matter of concern in the developing world. According to Chen and Ravallion (2008), about 1.4 billion people (one in four) lived on less than $1.25 a day in 2005. The above situation is likely to worsen in Africa where governments are failing to eradicate poverty alone. Giant transnational corporations (TNC) are increasingly called upon to champion poverty reduction in the continent. Notably, of the world's 100 largest economic entities, 51 are giant TNCs and the world's 200 largest corporations have combined sales that are greater than the combined GDP of all countries in the world. This desktop research assumes that bodies corporate are the key institutions for eradicating poverty in Africa; and so are called upon to make a significant contribution to the society that they operate in and depend upon for their economic and financial might. More specifically, this paper examines the role of giant TNCs in poverty reduction in a continent that has high poverty levels but endowed with plentiful resources.
Keywords: Africa, corporate social responsibility, poverty, transnational corporations, giant

1.0 Introduction

Poverty and underdevelopment are a nagging problem in Africa. There are contestations about the causes of the problem. For instance, Mbaku (1998) and Pillay (2000) attribute the problem to corruption, Zondi (2009) to colonialism and imperialism, Chiroro et al (2009) to economic mismanagement, and protestant churches to sin. According to Stewart (2004), 80% of the countries that are worst performers on the human development index (HDI) have been at war in the past decade or are in political crises. Because of sixteen years of conflict, Sudan is one of the poorest countries in the world. Perhaps the separation of South Sudan from Sudan on 9 July 2011 will mark the beginning of true development in the two oil-rich countries. Elsewhere in Africa, the effects of conflict have been witnessed in the Democratic Republic of Congo, Sierra Leone, Tunisia, Ivory Coast and Zimbabwe. Dealing with the poverty and underdevelopment in the continent entails attending to the socio-economic factors that cause and perpetuate it. This study holds that Africa's poverty and underdevelopment should be seen as a consequence of the exclusive socio-economic decisions and actions of giant TNCs. Rank is clear, 'Structural failings of the socio-economic system are causes of poverty and underdevelopment' (Decker, 2004). The current study examines the place of giant TNCs in poverty and underdevelopment equation of Africa (the poorest continent in the world).

In this assessment a TNC is defined as a foreign corporate body whose presence is in more than one African country. Examples of foreign TNCs operating in Africa are; Coca Cola, PespiCo, Anglo America, Mobile, and Unilever. The Sinopec, China National Offshore Oil Corporation (CNOOC) and China Minmetals Corp are leading the way in the extractive industries in Africa. Huawei Technologies, ZTE Corporation, Lenovo and TCL are rapidly invading the ICT sector in the continent. China's state-owned China National Petroleum Corporation (CNPC) has invested in oil assets in Sudan and Chad while CNOOC has acquired energy interests in Morocco, Nigeria and Gabon. According to Alden and Davies (2006), China already procures 28% of its oil and natural gas from Africa; and Chinese TNCs operating in Sudan and Angola are the leading exporters to the country.

Notably, giant TNCs differ from small to medium (SMEs) business entities. According to Aras, Crowther and Vettor (2009), the difference between the two is largely of degree rather than kind. The dissimilarity between the two forms of businesses is also based on scale, governance, focus, work dynamics, capabilities, business constraints, approach to government-community relations, and points of engagement in CSR. Historically, the idea of social responsibility- a precursor of CSR is not a new phenomenon in Africa.