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FOREIGN DIRECT INVESTMENT, CORPORATE SOCIAL RESPONSIBILITY AND POVERTY ALLEVIATION: EVIDENCE FROM AFRICAN COUNTRIES

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ABSTRACT

During the past two decades, advances toward a truly global economy were driven by the role of Multinational Enterprises (MNE). The progress of Foreign Direct Investment (FDI) has raised many controversies in the ways these foreign investors conduct their businesses in developing countries. More attention has been given to Corporate Social Responsibility (CSR) in developing countries. Despite such attention, Africa is less represented than any other continent. MNEs, which embark on FDI, are faced with an important decision on how to enhance CSR to reduce poverty in their host countries. The authors reviewed extant literature exploring FDI, CSR and how FDI contributed to the reduction of poverty in the African developing countries of Nigeria, Ghana, and Cameroon.

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KEYWORDS: Foreign Direct Investment, Corporate Social Responsibility, Poverty Alleviation, African Developing Countries

INTRODUCTION

In recent years, there have been great advances toward a truly globalized economy because of more involvement of Multinational Enterprises (MNE) and their activities worldwide. This situation has generated some controversies regarding the method these multinationals use to carry out businesses in developing countries, especially in the some developing African countries. More attention has been given to corporate social responsibility (CSR) in developing countries in recent years. Despite such attention, Africa is much less represented than any other continent. In addition, MNEs, which embark on Foreign Direct Investment (FDI), are faced with an important decision regarding how to enhance CSR to reduce poverty in their host countries. The problem addressed in this qualitative case study was that higher foreign direct investment in some African countries such as Nigeria, Ghana, and Cameroon have not led to higher levels of corporate responsibility and poverty reduction in the region. A general belief exists that the advent of globalization would pave the way in developing countries, especially in the African continent, to modernization and improve employment opportunities thereby improving the quality of life in the region. What is realized, in these countries is increased poor standards of living among the citizens due to lower involvement in corporate responsibility.

Two reliable sources of literature exist regarding CSR in Africa (Visser, 2006) and the Journal of Corporate Citizenship special issue on CSR (2005). “Academic institutions and researchers focus specifically on corporate citizenship in Africa remain few and underdeveloped” (Visser, 2005, p. 36). Visser (2006) confirmed, through a review of the CSR literature on Africa between 1995 and 2005, that only 12 of Africa’s 53 countries had any research published in core CSR journals, with 57% of all articles focused on South Africa, and 16% on Nigeria. The latter partly reflects the high media profile generated around corporate

citizenship issues and the petro-chemical sector. It is especially focused on Shell and their impacts on the Ogoni people (Ite, 2004).

In contrast to the socially-oriented focus of the literature on CSR in developing countries, business ethics dominates as a research topic in the region. Business ethics accounts for 42% of all articles on CSR in Africa from 2005 to 2012. A complementary CSR institution has an important impact on the way companies address the issue of poverty alleviation. Quality of governance is critical to poverty alleviation. For example, corruption has profound negative effects on investment and the quality of economic growth. Similarly, business organizations and broader coalitions between business, government, and civil society can considerably contribute to poverty alleviation. If businesses support broader economic and social development, they would turn poor and excluded people into customers and employees. Neglected areas would be transformed into new markets and new sources of supply. By improving local communities, greater quality and reliability is obtained from their partners in local supply chains.

The purpose of this study was to identify the level of FDI involvement in CSR in an effort to reduce poverty in the developing African countries especially in Nigeria, Ghana and Cameroon. Foreign investors in selected sectors were interviewed to determine their motivations and reasons for the few commitments to poverty reduction and less exercise of CRS. The remainder of this document includes three sections: a) a literature review, b) a data and methodology area, and, c) concluding comments. The literature review includes sections on FDI, the FDI inflow into developing African countries, poverty, FDI corporate power and corporate responsibilities, and FDI and poverty reduction. The method for obtaining the results and data is presented in tabular format with a brief explanation. An analysis of the data and whether the hypothesis was supported will be discussed. Finally, the researchers present their concluding statements and offer suggestions for future research.

LITERATURE REVIEW

Foreign Direct Investment

In the past two decades, advances were made toward a truly global economy, driven by the role of Multinational Enterprises (MNE) and their activities around the world (Pusterla & Resmini, 2007). FDI is the movement of both human and financial capital over national borders in such a way that they provide the investor full control over the acquired asset (Jigme, 2006). FDI is different from portfolio transactions, which may cross borders, without providing such a control over the capital acquired. Chee and Nair (2010) conducted an empirical study to examine if financial sector development is an important precondition for FDI to enhance economic growth in 44 Asia and Oceanic countries for the period 1996-2005. Chee and Nair examined if the effect is dependent on the stages of development of the countries. The results showed that financial sector development enhances the contribution of FDI on the economic growth in the region.

Ofori-Brobbey, Ojode, and Woldie (2010) and Ruskie (2007) asserted that FDI has positive effects on economic development. However, the reason for slow growth in these developing African countries is of great concern. Forgha (2009) and Njong (2008) studied FDI flow to Africa. Researchers concluded there is higher inflow of FDI in many emerging and developed countries, but significantly slower in African developing countries (Kumo, 2009). According to United States Bureau of Economic Analysis (BEA) (2009), the United States is the highest recipient of FDI among industrialized nations. More than $325.3 billion in FDI flow into the United States was recorded in 2008 (UNCTAD, 2009). Nevertheless, in recent years, a slow but steady progress of FDI inflow has developed in Ghana and Nigeria. FDI inflows into the region reached $53 billion in 2007 (UNCTAD, 2008). Although credible FDI data in developing African countries is not readily available, FDI continues in the economic development in the region (United States Department of State, 2009). The United States and France are the two major FDI participants in many developing African countries (UNCTAD, 2009).

According to the U. S. Department of State (2009), the U.S. FDI stock in countries such as Cameroon is rising. Most United States investments in these countries are in the petroleum sector. A typical project is the Chad-Cameroon pipeline, which runs from Chad's Doba oil field, and is considered one of the largest US investments in sub-Saharan Africa (United States Department of State). Exxon/Mobile and Chevron/Texaco teamed up with Malaysia's Petronas to undertake this giant project (United States Department of State). Dole Company, that has a large equity in a French firm to produce bananas, is one of many United States MNEs operating in the region. Del Monte, with a United States stake, is also producing bananas in Cameroon. In addition oral care, for both the region and local markets, is produced and distributed by Colgate-Palmolive in countries around this region (UNCTAD, 2008). France continues to be a significant source of FDI in these countries. In industries such as banking, France's banks are taking the lead in these former French countries in the region. According to the United States Department of State (2009), as many as 160 branches of French banks in Cameroon employ approximately 30,000 people and more than 200 enterprises owned by French nationals.

Buthe and Milner (2008) asserted that many economists have examined factors such as market size, per capita income, level of corruption and various other characteristics of the host market, as necessary for investors' decisions to invest in certain foreign markets. In addition, the larger the market of a country, the more encouraged are foreign investors to invest in the intended countries (Reiter & Steensma, 2010). Democracy, along with political and economic instability, are considered major determining factors that attract FDI (Buthe & Milner, 2008; Jajri, 2009). Frequent tribal wars, unfair election practices and unpredictable coup d'état in some African countries discourage many MNEs from investing in these developing Africa countries (Jajri). Although many researchers focus more on determinants attracting the inflow of FDI into developing countries (Forgha, 2009; Njong, 2008), few studies explored the effects of FDI inflow on economic growth and poverty alleviation in these countries especially in developing African countries. Recently, researchers have established that other factors such as democracy, GDP, and exchange rate stability attract more FDI into a country (Jajri, 2009; Jenson, 2006).

Developing countries especially African developing countries have a high respect and value towards FDI especially during the recent worldwide economic slowdown. These countries experienced shrinking foreign aid. Many developing countries, including those in Africa, are increasingly looking to FDI for their economic progress. The majority of developing African countries are now considering FDI as almost risk-free and their main option for foreign exchange and gaining access to new technology. FDI is highly recommended by emerging countries and international institutions such as the International Monetary Fund (IMF), the World Bank, and the Organization for Economic Corporation (OECD). They recommend FDI to developing countries as a sustainable source for their present and future economic progress (UNCTAD, 2008).

Many in developing African countries consider FDI as a needed source of economic growth and development in their countries. The effect of knowledge from multinational enterprises and host-country technology spillover, contribute to the productivity improvement of firms in the host country (Karim & Ahmad, 2009; Mora & Forte, 2009). Both multinationals and firms in developing countries understand the aim of knowledge transfer by multinationals is to improve the economic condition of the host country. This holds especially true for technological skills, which may result in increased GDP of the country (Varamini & Vu, 2007). Radical economic and political reforms by these African countries, have not resulted in increased FDI inflow into the countries. A few countries that have experienced more inflow of FDI such as Cameroon, have not seen a commensurate reduction of poverty and economic growth (UNCTAD, 2009). Even after reforming many economic policies necessary to attract more FDI, many developing African countries are yet to experience sustained economic growth (Lemi & Asefa, 2009).

FDI Inflow into Developing African Countries

Many African countries including Nigeria and Ghana see FDI as important to their economic growth and development. They understand that FDI provides much needed capital for investment, provides aid to the local firms to be more stable and productive by adopting modern, and efficient technology or by investing in human capital (Karim & Ahmad, 2009; Johnson, 2010). Moreover, a majority of fast growing countries depend on capital from FDI to support the transformation of their growing economy. Developing countries from Africa, including Cameroon, need such investments to accelerate their economic development efforts (Johnson, 2010). It is the hope and belief of the developing African countries such as Cameroon that more FDI inflow into the region would improve the standard of living through the creation of employment opportunities. Most African countries instituted policies to attract FDI (UNCTAD, 2008). African leaders expect that FDI would produce external help in the form of technological transfer and spillovers (Wijeweera, Villiano, & Dollery, 2010). The pursuit of responsible macroeconomic policies, combined with an accelerating pace of liberalization, deregulation, and above all, privatization, were expected to attract FDI to Africa (Ajayi, 2008). Ajayi continued that despite many policy changes such as deregulation, and privatization, the continent of African has not benefited significantly from FDI to commensurate with its policies promoting FDI. A positive trend in FDI inflow in Africa has occurred in recent years.

Other developing countries such as Nigeria, Angola and South Africa, Congo Republic, and Equatorial Guinea continue to attract more FDI, largely because of their rich natural resources. Lately, FDI has diversified into other sectors such as manufacturing and services. Mauritius attracts FDI into the manufacturing sector through its textile industry (Ajayi, 2008). Ajayi also added that, in the last decade, Morocco has witnessed its share of FDI increase greatly in the manufacturing and service sectors. The sources of FDI vary largely due to the needs of foreign investors. According to UNTACD (2008), FDI from Germany has been mostly in manufacturing, British FDI in the service and manufacturing, and the United States in exploration and service. Lemi and Asefa (2009) reported that recent surveys of multinationals indicate that tourism, and natural resources industries have the greatest potential to attract more FDI into the region. In recent years, telecommunications has attracted more FDI into the region than ever. This is mainly because of privatization in the telephone companies in several African countries such as Nigeria and Ghana, and the emergence of a global system of communication (GSM) in some African countries (Ajayi). Despite many policy changes, laws and other legal instruments instituted in African countries including Cameroon and Ghana to attract more foreign investors, there is still disproportionate economic growth from FDI in the region.

Poverty

Poverty and unemployment are two main problems facing developing countries such as Liberia, Sierra Leon and Cameroon (ILO, 2007). A high unemployment rate is the major factor responsible for low standards of living in developing countries (Ogunrinola, 2011). Poverty is widespread in both rural areas and cities in the developing countries. To support themselves, the unemployed resort to exploiting the income and themselves (Ogunrinola, 2011). Poverty is a complex concept. There was a study of the Russian informal economy by Khotkina (2007) on poverty reduction. The study found that female employment doubled that of male. To combat poverty, and unemployment, the Ghanaian government introduced a program called Skill Training and Employment Programme (STEP). The program was aimed to help the unemployed become independent entrepreneurs in the informal sector (blue-collar sector). The program achieved little success because, the trainees wanted formal sector jobs (white-collar sector jobs).

Poverty is considered by many as not literally lacking of money and food but also as inability to afford basic necessities of life such as health care, access to affordable education, security, and dignity (Elijah & Uffort, 2007). Poverty might also be viewed as the inability of a government or a group of people to satisfy their basic human needs in terms of employment, health care and economic stability (Elijah & Uffort). The

absence of labor, capital, markets and land affect the poor's inability to access employment and natural endowed resources. The decline in mean income and a disproportional shift in wealth distribution are partly attributed to the increase of urban poverty in Cameroon (Francis, 2006). Growth in household income would have a long-term effect on reducing poverty level in Cameroon (Francis, 2006). Recent data on worldwide poverty levels show that at least one in three person lives on less than 1 dollar per day (Cook, 2011).

FDI Corporate Power and Corporate Responsibilities

Prior to the 20th century, MNEs were not known to be involved in the political realm of the host country. Rabet (2009) asserted that MNEs were regarded as "a sphere of private agreement, rational profit seeking and economic efficiency" (p. 3). In the 21th century, great corporations are deeply involved in political systems in their host country. Their social, market, and political influence go beyond economic activities (Gabriel, 2006). Many MNEs tend to have great influence in the legislative process in the host country. The ultimate goal of investors is a realization of profits. Profits are transformed into dividends for shareholders and as a necessary tool for the firm's expansion. Rabet (2009) observed that as firms make more profits, they wield more power to influence both political and economic systems to protect their investments.

The actions and behaviors of multinationals in foreign countries provide a hint of their interests, motives and goals. Many countries have strong strategic reasons to support foreign investors in their countries. Leaders of many countries prefer to use trade to advance their country's interests (Eden, 2009). Some leaders use the presence of MNEs in their countries to normalize political relationship with the firm's home country. Under this context, it is difficult to measure or rationalize the profit motive of the foreign country MNE operation. Like many political organizations, MNEs try to exert power in the host country to maintain their dominance and recognition. Many large multinationals are located in developed industrial countries (UNCTAD, 2007). However, MNEs find it necessary to explore the abundant natural resources available in emerging and developing countries. In addition, many mergers and acquisitions give multinationals the opportunity for inward flows of FDI into developing countries. A great number of small developing countries such as Cameroon, with natural resources, are now more attracted to MNEs. It matters to multinationals what laws and regulations are made in these countries. The success of these foreign firms depends on laws of the host country, and their influence on the government would also impact their profit margin. Rabet (2009) explained the qualities of Corporate Social Responsibility (CSR) as:

A multi-faceted phenomenon, but one of its essential characteristic is the advocacy of voluntary codes of conduct, norms, conventions, standards and rules of behavior by corporations and other actors, which go beyond or complement existing public legislations or customary business behaviors. (p. 7)

CSR is based on the premise that corporations voluntarily involve themselves in issues such as environmental protection, human rights, social change, and other activities that are of importance to the ecosystem and humanity (Clarke, 2007). According to Clarke, all multinationals communicate on and carry out CSR. Nevertheless, there is a continuous criticism that CSR are on policy manuals and not in action. In defense of corporations, it is reported that corporations do allocate large resources to CSR (Banerjee, 2007; Crane, McWilliams, Matten, Moon, & Siegel, 2008). It has been observed that some philanthropic actions by corporations originated decades ago (Peng, Wang, & Jiang, 2008). CSR originated in the United States in the 20th century and has dominated the international corporate world for the past 15 years (Clarke, 2007). Publications have examined CSR in depth in developing countries. However, Africa is less researched than other continents (Kolk & Lenfant, 2010). Empirical studies on African countries mostly concern South Africa and Nigeria (Kolk & Lenfant). However, the importance of FDI in the region is growing because, of available of natural resources.

In addition, the FDI increase has not reflected in CSR studies in these countries. More attention to MNEs and CSR in Africa is much needed. MNEs, which carry out FDI, can have profound effect on the local situations. MNEs should play vital roles addressing issues such as environmental pollution, inequality, and poverty (Kolk & Lenfant). MNEs are faced with dilemmas such as how to resolve conflicts particularly in the countries they invest in (Vissak & Roolaht, 2006). Vissak continued that economic responsibilities should be a top priority of their CSR; because FDI in Africa is in extractive industries with documented social and environmental impact (Kolk & Lenfant). In a study with a sample of 54 companies, 64% operated in the extractive industries (oil and gas, mining, oil and equipment services) and the remainder were spread over a variety of sectors (Kolk & Lenfant). Despite the world-wide economic down turn, most large corporations continue to give and carry out corporate socially responsible activities and are politically motivated (Shergolt, 2009). It is important to note that corporations voluntarily exercise CSR to maximum probability of survival and expansion in the highly competitive global market.

FDI and Poverty Reduction

Most of emerging and developing countries in Africa, Latin America and Asia are now realizing that FDI is a source of employment, income growth, economic development and poverty reduction (Loayza & Raddatz, 2010). This is known from their continuous economic policy reforms aimed at creating a business atmosphere to attract more foreign investors. Such policy reforms include liberalization of foreign trade and investment regimes and privatization of many state companies (Lemi & Asefa, 2009). Since the Asian financial crisis in 1997 and the current global economic meltdown which began in fall 2007, many emerging and developing countries have undergone positive economic policy transformation with the intention to attract FDI. The leaders of these countries understand that more FDI needs to be attracted to alleviate poverty of these countries. However, despite the large increase in global flows, many emerging countries, especially the African countries, have not successfully attracted more FDI (Ajayi, 2006). The increase in FDI inflow into Cameroon and other developing African countries without better economic growth is a disappointment to the leaders who have reformed many economic policies necessary to attract FDI for sustained economic growth.

FDI can have profound positive effects on poverty reduction provided there are mechanisms to address it such as sound economic policies, great institutions, a flexible labor market and great regulatory frameworks (Karim & Ahmad, 2009). Widening access to labor would largely contribute to alleviating poverty. High domestic and foreign firm generated investment would create employment opportunities in a country. A higher economic growth than the rate of population growth would result in higher employment and higher income. Thereby improving the standard of living of the citizen thereby reducing the poverty level. UNCTAD (2008) noted than foreign and domestic investors are the main sources of capital formation. Capital is a great tool for economic development of a country and foreign direct investors are equipped with the necessary capital for economic improvement. Moreover, FDI may force the host country to improve the infrastructure such as roads, bridges, water and electricity supply. Locals would benefit from the investments through employment opportunities.

The process of poverty alleviation within this research begins with the relationship between FDI and economic growth (Loayza & Raddatz, 2010). The widely held notion that FDI positively affects exports in emerging countries stems from the fact that FDI provides some access to foreign markets and increases competition in the host country. Access of FDI to the global market is an opening opportunity for the host country to capitalize to increase exports (Loayza & Raddatz). Local firms affiliated with the foreign firms may gain knowledge and exposure from foreign firms to undertake when exporting their products. This action contributes to the economic growth of the country as more employment opportunities are created which helps alleviate poverty. Tambunan (2007) reported an IMF finding as follows:

That the progress in raising real incomes and alleviating poverty has been disappointingly slow in many countries and the relative gap between the richest and the poorest countries has continued to widen. In Africa, the level of real per capita income in recent years is lower than it was 30 years ago. More broadly, the number of very poor (defined as those living on less than US$1 per day) has remained roughly unchanged over the past decade, and only limited progress has been made in reducing the share of the world population living in poverty. (p. 10)

FDI can have positive effects on poverty alleviation through taxation of foreign subsidiaries. Taxes from foreign firms raise the revenue of the host country, which can be used to develop social services, productive improvement and poverty reduction oriented programs. Certain conditions are taken into consideration for the corporate tax revenues to have major effects in the host country. In order to attract more FDI in Ghana and other emerging countries, the tax policy has to be attractive to foreign investors (Njong, 2008). If the corporate tax rate is high, especially for foreign firms, it may discourage FDI and would result in low potential tax revenues. In many developing countries, there is concern if there are specific agreements and policies in place to collect the corporate taxes (Kumo, 2009). Another major concern from the corporate tax benefit is whether the collected corporate tax benefits are used with the aim of alleviating poverty in the country.

The tax revenue should be used to finance poverty reduction projects such as the creation of labor-intensive projects or encourage the development of a safety net for the poor. Despite the potential of FDI to enhance economic growth and poverty reduction in developing countries through the three ways as discussed above, there are at least two main issues of concern. Yuduo, Dan, and Wenshi, (2009) described FDI as a two-way sword; the monopolistic tendencies of foreign subsidiaries may displace domestic investment or industries, and thus the presence of FDI may increase instead of reducing poverty in host countries. Increased rivalry between domestic and foreign firms could be beneficial in terms of promoting competition, improving efficiency amongst inefficient firms, and ensuring the most productive allocation of scarce resources (Loayza & Raddatz, 2010). However, foreign firms, especially large multinational companies with superiority in technology, information, human resource, capital, marketing, distribution, and having advertising power, may create anticompetitive impacts, such as displacement of domestic firms or investment (Altomonte & Pennings, 2009).

It is a widely held view that FDI's contribution to poverty alleviation is through its impact on economic growth of the host country (Majeed & Ahmad, 2009). Some studies identify three possible ways which FDI may help to reduce poverty reduction. Winters and Cirera (2001) analyzed the effects of trade liberalization on poverty. They identified the following factors: distribution channel, enterprise channel, and government channel as possible factors that impact poverty alleviation. The distribution factor views the poor as the consumers. If businesses are to grow, the poor must become consumers. Prahalad (2002) argued that "By stimulating commerce and development at the bottom of the economic pyramid, MNCs could radically improve the lives of billions of people and help bring into being a more stable, less dangerous world" (p. 48). Prahalad strongly emphasized the importance of the untapped potential market of the underdeveloped economies, which mostly represent the poor markets.

The enterprise channel mostly concerns the effects in which employees of the FDI have directly on these companies. The enterprise channel may also have indirect effects by generating demands for local vendors (UNCTAD, 2008). This assumes that high demand for unskilled translates to a higher employment for the poor. According to research, the impact of FDI on poverty reduction is indirectly associated with its creating linkages with local vendors, mostly with subsistence agricultural firms. This indirect impact is limited where FDI mostly depends on highly skilled workers in the high technological sector. Locating FDI in poor states would indirectly improve the poverty reduction in such markets and vice versa (UNCTAD, 1999).

The third channel identified by Winters and Cirera (2001) is government revenue from the government of developing countries. The FDI in developing countries, mostly in the agricultural industrial countries contributes to revenue of their host countries in the form of taxes. Most of these countries use these tax revenues to embark on poverty reduction programs in society. However, the effect of this revenue depends on the size of the taxes and the willingness of the host governments to invest a large portion of these revenues to alleviate poverty in the country. Another limitation is the huge tax breaks given to FDI firms by the developing countries to attract the investors. This reduces the amount of tax revenues generated by these countries; hence, making a lower amount available for the poverty reduction programs.

DATA AND METHODOLOGY

A qualitative approach was used with four company chief operation officers (COO) who were purposefully chosen from four different industries. The participants volunteered to participate in the study and were actively doing business in the three countries (Nigeria, Ghana and Cameroon) in the areas of energy, pharmaceuticals, technology, and services located in the United States. These companies were selected because of their popularity as MNCs with well-known negative or positive impacts or activities in social responsibilities and their leadership role in their respective industries.

Data for this study were from both primary and secondary sources and were collected between 2013 and 2014. The primary source was through telephone interviews through which the subjects volunteered to discuss poverty alleviation and their involvement. Secondary data were collected from the firms CSR reports, peer-reviewed articles, and other electronic sources of information.

From the four interviews, the following findings emerged. As countries with fewer advances in technology and limited capital to embark on social works, there should be better cooperation and communication between the local governments and multinationals. The host governments should work harder to engage the investors on hiring and training of both their skilled and unskilled labors. This study also uncovered that most multinationals' willingness to exercise their CSR was hindered by unnecessary laws, regulations, and corruption of local government officials. This raises questions regarding the willingness of the host government to help alleviate poverty and improve the poor standard of living of their citizens.

RESULTS AND DISCUSSION

The issue of corporate social responsibility has dominated all facets of corporate involvement in society, ranging from environmental degradation to total disregard to child labor laws. However, it has been suggested that there are certain factors that might limit the desire of FDI to address CSR in developing countries in general. One such factor is bribery given to government employees. Discouraging bribery to government officials and more transparency in the government could increase revenue to the government. The realized revenue can be used to embark on necessary projects that would benefit the poor in the society.

To reduce poverty in developing countries and the world in general would take concerted effort from both corporations and the public sector. Programs aimed at helping the poor such as discounted goods to the poor and investing in programs to provide employment to the poor. The locations of many major local and multinational corporations do not cater to the welfare of the poor. These companies are mostly located in large metropolitans. The poor are primarily located in remote villages and are not able to gain even unskilled job opportunities from these companies. The poor, under these circumstances, are not considered in the location decision process by either their government or the companies. Hence, the poor do have a stake in such companies. In recent years, there is growing enthusiasm in the corporate community to achieve poverty reduction in developing countries. However, there is little or no effort to evoke CSR reforms that would favor a meaningful program to achieve or reduce poverty in the developing countries. A major limitation of this qualitative case study was that generalization of the findings may be challenged (Yin, 2009) because

of its convenient four sample size. Although 16 participants was a good sample size for qualitative research, a larger sample size would have been more representation. Conducting such a study with larger sample could have created difficulties and the data analysis would have been cumbersome and could bias the outcome. When conducting a qualitative research, there is that expectation that academic rigor and methodological principles would be met (Kirk & Miller, 2006).

CONCLUDING COMMENTS

The goal of this paper was to explore the willingness of foreign investors operating in developing African countries to contribute to reduce a lingering poverty problem, which has plagued the continent for decades. A qualitative approach was used for this study. Four company chief operation officers (COO) from four different industries were purposefully chosen. The participants were actively doing business in three developing African countries (Nigeria, Ghana, and Cameroon) in the areas of energy, pharmaceuticals, technology, and services. The COOs voluntarily agreed to participate in this study. These companies were selected because of their popularity as MNCs with well-known negative or positive impacts on social responsibility activities. Data collection for this study was from both primary and secondary sources and was collected between 2013 and 2014. The primary source was through telephone interviews, which individuals volunteered to discuss poverty alleviation and their involvement. The secondary data collected firms CSR reports, peer-reviewed articles, and other electronic sources of information.

The result was very vital to both the leadership of these countries and the organizations involved and may not be generalized. As countries with fewer advances in technology and limited capital to embark on social works, there should be better cooperation and communication between the local governments and multinationals. The host governments should work harder to engage these investors on hiring and training of both their skilled and unskilled labors. This study also uncovered that most multinationals' willingness to exercise CSR was hindered by unnecessary laws, regulations, and corruption of local government officials. This raises questions regarding the willingness of the host government to help alleviate poverty and improve the poor standard of living of their citizens. A major limitation of this qualitative case study was that generalization of the findings may be challenged (Yin, 2009) because of its convenient four sample size. Although 16 participants was a good sample size for a qualitative research, a larger sample size would have been more representative. However, conducting such a study with larger sample presented difficulties. The data analysis would have been cumbersome and could bias the outcome.

Another limitation of this study was the difficulty of finding and selecting the four company executives from five different industries actively doing business in these three countries. The industries chosen were energy, pharmaceuticals, technology, and services located in the United States. Getting the participants to respond freely without being biased to the interview questions was also a limitation. The lack of inclusion of representatives from these countries, to gain a balanced understanding of the effects of FDI on corporate responsibility and poverty reduction in the region was another limitation. The willingness of participants to voluntarily be interviewed was significant to this study. The COOs agreed to create and execute transparent and cooperative activities for sustainability and long-term companies' involvement in poverty and social responsibilities in the region. They recognized that poverty is a reality, which if not controlled, would affect their future success in these countries. A qualitative research method provided clear knowledge of the involvement of FDI in CSR and poverty reduction through the interview method. Findings from this study may not be generalized to other developing African countries with regard to the issue of poverty alleviation and CSR. It is therefore recommended that future studies should explore multiple developing African countries with varying degrees of poverty and corporate involvements. Secondly, a larger sample of COOs should be considered as participants in future studies.

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