INCLUDE

Productive employment
October 2018

Final findings
Dutch Multinational Businesses in Africa

The study project 'Dutch Multinational Businesses, Dutch Government and the Promotion of Productive Employment in Kenya and Nigeria' aims to investigate the policies adopted by Dutch multinational companies (MNCs), as well as by their home and host governments, in order to identify the conditions that enable the transfer of skills and the integration of local businesses into international value chains in Kenya and Nigeria. The following are the interim findings and policy messages from the mid-term report.

Summary of the final findings

Background studies indicate that large-scale entrepreneurship in Africa is gradually increasing and context-specific, yielding the concept of Africapitalism. Case studies of Heineken, Friesland Campina and Dangote Cement in Nigeria show that host country environment and the operational strategy of businesses are critical in shaping or constraining entrepreneurship development in Africa. A successful collaboration between business and the state is even more critical for business operations. However, African governments should not 'outsource' development tasks to MNCs. In both Kenya and Nigeria, Dutch (and non-Dutch) companies are operating in imperfect business environment, constrained by: policy inconsistencies, poor infrastructure, conflicts, difficulties in the procurement of good quality local raw materials and skills-industry mismatch among others. Therefore, carefully designed and locally consulted social investments are a crucial element of MNCs' operations in Africa and can contribute to a reduction in local inequalities.

Dutch MNCs in Africa create, to some extent, productive employment but the number of such jobs is limited. In Kenya, series of productive employment policies is recorded in past four decades but a large proportion of the country's labour force are in the informal sector, which has exposed workers to vulnerabilities of low earnings and low productivity, inherently undermining efforts aimed at inclusive and sustainable growth. Consequently, among our recommendations, there is need for greater policy coherence in national governance contexts. National governments need to support both international and national businesses operating in their country. Businesses should also do more to understand the African context.

Policy messages

For Dutch Multinational Businesses in Africa:

- The emergence of indigenous multinational firms is gradually changing the African business landscape. You have to rethink your long-term operational strategy.
- Promote meaningful local value chain schemes: The expectation that MNCs should play a prominent role in promoting economic activities in their supply chain is not always practicable. However, most meaningful value chain promotion schemes, especially those based on backward integration, need to be supported by clear government-driven policies and schemes to be sustainable.
- Prioritize the sustainability of your operations and engagements in the country of their operations.
- You must be aware of and open to assessing your own local impact on social issues, national economics (especially the backwards and forward linkages, as well as the role of the middleman), your (optimal) land use and your interactions with local communities.
- Remember that carefully designed and locally consulted social investments are a crucial element of MNCs' operations in Africa and can contribute to a reduction in local inequalities.
- Examine where and how jobs are created, who gets them, what is the benefit to the local community and what is the effect on local inequalities – are they accelerated or diminished by your presence?

- Do more to understand the landscape of African businesses and the context of Africa. One such way is to analyze and understand the process behind the emergence of African multinationals.

For African governments:
- The 'outsourcing' of the developmental functions of the state to the private sector yields suboptimal results for national economic development.
- Ensure sector-wide consultation and the identification of real stakeholders: Policy-makers should always consult with stakeholders who participate in the value chain of multinationals before making policies that will affect such stakeholders, as well as when operationalizing such policies. To identify 'real' stakeholders it is recommended to prescribe the minimum qualifications for becoming a representative of a stakeholder group. These could include, for instance, proof of active participation in the main business of the stakeholder group for a minimum number of years.
- Promote the generation, expansion and use of local raw materials: The governments of Kenya and Nigeria could do more to promote the use of local raw materials by MNCs for industrial production.
- Continue and expand the on-going initiatives on the state level, especially in the agriculture sector, which creates most employment, regarding capacity building (incl. higher and technical levels), conducive business environment, productivity and wage.
- Continue fight against corruption.
- Adapt green job strategy by gradually encouraging formalization of the informal sector

For the international community
- Share and promote the technology and knowledge transfer.
- Encourage further responsible business practices for sustainability.
- Expanding financial instruments to SMEs and small-holder farmers to support professionalization, inclusiveness and sustainability of these businesses.
- Invest in capacity building of trade unions for professionalization, including mentorship for proposer worker representation.

Knowledge products

Book
- Akinyoade, A., Dietz, T., & Uche, C. U. (2017). Entrepreneurship in Africa (Vol. 15). Brill.

Scientific articles published
- Akinyoade et al (2016) The Use of Local Raw Materials in Beer Brewing: Heineken in Nigeria, Journal of the Institute of Brewing, Vol 122 Issue 4, pp. 682-692. http://onlinelibrary.wiley.com/doi/10.1002/jib.383/abstract
- Akinyoade, A. and Uche, C. (2017) Development built on crony capitalism? The case of Dangote Cement, Business History, DOI: 10.1080/00076791.2017.134149
- Kazimierczuk, A. (2015) Overview of development policies in the Netherlands (2010–2015) in the context of private sector development. CII Analyses Bulletin (6): 16-26. https://openaccess.leidenuniv.nl/handle/1887/37791
- Kazimierczuk, A. (2015) Historical overview of development policies and institutions in the Netherlands, in the context of private sector development and (productive) employment creation. ASC Working Paper 122/2015, African Studies Centre, Leiden. https://openaccess.leidenuniv.nl/bitstream/handle/1887/36351/ASC-075287668-3704-01.pdf?sequence=2
- Kamau, P., Kinyanjui Kinuthia, B., Akinyoade A. and C. Mukoko. (2018). Assessment of Productive Employment Policies in Kenya. ASC Working Paper 140/2018, African Studies Centre, Leiden. https://openaccess.leidenuniv.nl/bitstream/handle/1887/57692/Working_paper_140.pdf?sequence=1

Scientific articles forthcoming

- Kazimierczuk, A., Kamau, P., Kinyanjui, B. and C. Mukoko. (2018). Never a rose without the prick: an overview of the flower sector in Kenya, ASC Working Paper XXX/2018, African Studies Centre, Leiden (forthcoming).
- Kazimierczuk, A. Wind Energy in Africa: An updated status and policy framework review. Renewable and Sustainable Energy Reviews (under review).
- Kazimierczuk, A. The African Wind-mine: political economy of the largest wind farm in Africa (in preparation).
- Kazimierczuk, A. Taking off Against the Wind: Local impact of the Lake Turkana Wind Power Project in Kenya (in preparation).
- Atieno, O. and B. Kinyanjui Kinuthia, Productivity Spillovers from Foreign Direct Investment inKenya. (in preparations).
- Kinyanjui Kinuthis, B., Kamau, P., Akinyoade, A. and C. Mukoko. Industrial Policies in Kenya (in preparations).

Publication aiming the general public

- Kazimierczuk, A. (2017) Taking off against the wind: impact of the wind mega project on inclusive development in Kenya. [Research update] http://includeplatform.net/research-update-taking-off-wind-impact-wind-mega-project-inclusive-development-kenya/
- Kazimierczuk, A. (2017) Talking about them, without them: reflections on the new OECD report. [Blog post/Opinion] http://includeplatform.net/talking-without-reflections-new-oecd-report/
- Ellen Mangnus (2017) Hoe windmolens Noord-Kenia nieuw leven inblazen, Vice Versa http://hetnieuwe.viceversaonline.nl/hulp-handel/hoe-windmolens-noord-kenia-nieuw-leven-inblazen/#
- Kazimierczuk, A. (2016) Aid=Trade: historical overview of Dutch development assistance in the context of private sector development and current Sino-Dutch bilateral trade relations. Paper prepared for the conference at Fudan University, 8 April 2016 (unpublished).
- Kazimierczuk, A., A.J. Dietz & N. de Vink (2016) Partner countries for Dutch bilateral development assistance 1962-2015. ASCL Thematic Map no 14.
- Kazimierczuk, A. (2016) Challenges for inclusive development in the flower sector in Kenya. [Blog post] http://includeplatform.net/challenges-inclusive-development-flower-sector-kenya/
- Kazimierczuk, A. (2016) Trade, Investments And Development Cooperation In Sino-Dutch Relations. [News post] http://www.ascleiden.nl/news/trade-investments-and-development-cooperation-sino-dutch-relations
- Lucassen, C. (2016) 54 jaar Nederlandse overheidshulp in Afrika. One World: https://www.oneworld.nl/research/54-jaar-nederlandse-overheidshulp-afrika?utm_content=buffer073a0&utm_medium=social&utm_source=twitter.com&utm_campaign=buffer
- INCLUDE (2014) Dutch multinational businesses. Kick-off workshop report. http://includeplatform.net/downloads/minutes-start-workshop-nairobi-kenya/

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