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CORPORATE GOVERNANCE VULNERABILITY IN AFRICA: DO AFRICAN VALUES MATTER?

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Abstract
This paper set out to resolve the issue why there is corporate governance vulnerability in Africa in spite of the highly cherished traditional values in the continent. Yet, these values are essential to the corporate government practices. In order to resolve this concern, the discussion relied on the literature review written by both African and no African scholars. The discussion was guided by the theory of moral sentiments advanced by Adam Smith. It was discovered that African values were more meaningful before the intoxication of the same by the foreign ego-centric administrative practices. The invasion of African corporate world by the alien governance practices adulterated African values to the extent that every formal governance practice in Africa was imported tax free. However, the realization of this problem should be the starting point of undoing injustices that have been inflicted on the African corporate world for centuries. It is envisaged that the collective action geared at re-establishing the lost values should be pursued unceasingly with a hope of regaining the lost hope someday.

Key words: corporate, corporate governance, vulnerability, ubuntu, African values

Introduction
Paradoxically, Africans are proud of their traditional values entrenched in every aspect of social life. Yet, at the same time, they are worried about the highest level of corporate governance vulnerability manifested in organizational mismanagement and resultant corporate scandals that have rocked the continent for centuries. The ability of the African values to galvanize corporate governance practices would seem obvious to an average mind. Surprisingly, there appears a mismatch between corporate governance and African values. The mismatch is evidenced in the rampant corporate misgovernance. However, little attention has focused on the cause for this mismatch. This paper examines factors that have contributed to corporate governance vulnerability in spite of the highly cherished African values.

Methodology
The paper relies on critical literature review to examine corporate governance vulnerability amidst highly cherished African values. Literature review is the use of secondary data (Amin, 2004) to justify the particular approach to the topic, the selection of methods, and demonstration that this research contributes something new (Hart, 2001). The review of literature has been discovered to be reliable in conducting desk research which is central to this paper. Authors such as Onwuegbuzie, Leech &Collins (2012) have emphasized the importance of literature review. They consider it as the foundation and inspiration for substantial, useful research. In addition, Randolph (2009) adds that conducting a literature review is seen as a means of demonstrating the author's knowledge about a particular field of study, including vocabulary,

theories, key variables and phenomena, and its methods and history. This implies that an academic discussion devoid of literature analysis is no more than personal impression, anecdote or conjecture. On the basis of this methodology, the paper builds the discussion on a strong theoretical foundation. The approach is therefore fit for a theoretical paper such as this.

Definitions

This section examines definitions of key terms that are central in this paper. These are: corporate governance vulnerability and values in respect to African values.

Corporate Governance vulnerability

There are two key words to define here namely; corporation and governance. A corporation is defined by the Cambridge International Dictionary of contemporary English (2006) as a large company or group of companies controlled together as a single organization. While governance is from the word 'govern' defined as controlling and directing the public business. Therefore, corporate governance is concerned with the administrative practices aimed at maximizing value for the corporation. The main aim of corporate governance is to align as nearly as possible the interests of individuals, corporations and society (Cadbury, 1999). On the other hand, corporate governance vulnerability refers to a risky situation in which a corporation is managed. Specifically, the phrase corporate governance vulnerability is used here to refer to that deliberate risky situation created by management at whatever level in which administrative practices can potentially hurt the corporation. Such situations include top executives stealing the money of shareholders, managers falsifying financial records for their personal reasons, nepotism, bribery and false accounting.

African values

The Cambridge International Dictionary (2006) defines values as the importance or worth of something for someone. The dictionary does not define the phrase 'something', which leaves unquenched thirst for clarity. From the African perspective, values refer to the highly cherished customs and practices embedded in the African culture. One scholar (Blake, 1993) gives a concrete definition of traditional African values as a composite set of principles, and to extent knowledge and beliefs that are held in high esteem embedded in African societies, and that are deemed worthy of being regarded as the guidelines for human behaviour in interpersonal, group and inter-group communications and relationships. Culture is the way of life especially general customs and beliefs of a particular group of people at a particular time. It is also defined as the continuing traditions of art, music, literature of a particular society or group within a society (Cambridge International Dictionary, 2006). As Mbigi (2005) explains, one of the most striking features of the cultures of sub-Saharan Africa is their human non-individualistic character. In Africa, when your neighbor is at peace, you are also at peace. When your neighbor cries, you cry together. When your neighbour's corporation makes losses, you feel pity and sympathetic. These are some of the values not easily found in any part of the world except Africa.

Theoretical framework: Theory of moral sentiments

This discussion hinges on the theory of moral sentiments advanced by Adam Smith in the year 1759 AD. The theory has been chosen for two reasons namely; 1) it explains human conduct as influenced by passion or sympathy for others; 2) the theory also portrays man as ego-centric, self-centred and individualistic. Smith begins his theory with the statement that however selfish man may be, there are evidently some principles in his nature, which interest him in the welfare of others, and render their happiness necessary to him, though he derives nothing from it, except the pleasure of seeing it (Smith, 1759). That man, who can subsist only in society, was fitted by nature to that situation for which he was made. All the members of human society stand in need of each other's assistance, and are likewise exposed to mutual injuries (Smith, 1759). This first part of the theory provides an explanation for understanding the fundamental nature of African values. For several millennia, Africans worked for the welfare of others in the community, a tribute one would expect to find in corporate governance practices. However, this is not the case, as the discussion will unfold. The fundamental question is; what went wrong? What raped African values?

The second phase of the theory looks at the negative side of human nature. Smith however, does not draw a distinction between where the good side stops and where the negative side starts and ends. He theorizes that every man is by nature, first and principally interested in his own welfare (Smith, 1759). He explains that while all one's motivations are self-interested in a trivial sense, they originate in, and are interests in the self, not all the objects of our interests are selfish interests. However, Smith, in his discourse on the invisible hand, maintains that the man of commerce neither intends to promote the public interest, nor knows how much he is promoting it. By directing industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it (Smith, 1776). This is same as saying that Chief Executive Officers who pursue personal interests in corporations maximize corporate value though unintended. This is not true because we have seen several corporations collapse as a result of corporate governance misgovernance. Common examples are Enron and Worldcom.

However, from the conceptualization presented by Adam Smith, we note that the desire to accumulate material possessions intoxicates human nature. This is clearly seen in the second phase of his theory. It is also imperative to infer that this second discourse by Smith may explain the corporate governance vulnerability in Africa. This is because it implies that when capitalism sentiments were planted in the mind of the African executive during and after colonialism, the true African values were sacrificed at the altar of commerce. The discussion below will continue to focus and shed more light on this.

Evidence of corporate governance vulnerability in Africa

This discussion confirms the existence of corporate governance vulnerability in Africa. The entire continent is shattered by the presence of maladministration in both private sector where corporate governance has received exaggerated scholarly attention, and in the public sector where corporate governance has also taken shape. The examples discussed below are just a tip of the iceberg, and perhaps if the analysis on corporate governance vulnerability in Africa was to be exhausted, it would take quite an empirical task outside the scope of this paper.

This discussion takes a deductive approach in examining corporate governance vulnerability across the continent. According to the corruption index, 2013, the Transparency International reveals that over 90% of the public sector in the Sub-Saharan Africa is flooded by corruption. This finding is consistent with evidence produced by several scholars. For example, in South Africa, several malpractices in corporate governance have resulted into the institution of King's report on corporate governance (King's report, 2009). Even with the establishment of corporate governance principles, there has been a continued concern over bad corporate governance practices (Gibelman and Schachne, 2000; Afronews, 2010; Holden, 2010).

In West Africa, there is evidence to the effect that bad governance has infiltrated every aspect of public sector. From education to the economy, corrupted civil servants make it difficult for the already impoverished African population to escape their undesirable situations (Kristof, 2006). In Nigeria for example, the state has consistently produced leaders who have blighted the lives of Nigerians who now wallow in poverty, illiteracy, hunger and unemployment (Uneke, 2010; Ebegbulem, 2012).

Corporate governance in east Africa has not been spared by vulnerable situations. For example in Kenya, this mismanagement of National Social Security Fund (NSSF) left many Kenyans wondering whether the top managers in the corporate world have any single dose of values in them (Nairobi chronicle, 2008). Similar corporate governance vulnerabilities in the mismanagement of NSSF in Uganda and public sector generally have caused uproar in the corperate world (Munaabi, 2006; Inspectorate of government report, 2007; Anyoli, 2008; Nshekanabo, 2009). Surprisingly, these scandals seen to involve a well connected syndicate that it has made it difficult for them to face the law (Ssekika, 2012; de Vibe, 2012; Lowenstein, 2013).

Given the highly cherished traditional values in Africa as we shall see below, one would not expect corporate governance to be in a vulnerable situation. It would be expected that governance in Africa would spread like a cassava stem to the rest of the world, just as how humanity started on the African continent, and spread to the rest of the world (Kihura Nkuba lecture on TV Africa, 2014). What really went wrong? Could there be an exaggeration of the importance of African values? These questions though important at this stage, will be answered in the subsequent sections.

African values and their applicability to corporate governance

This section examines the nature of African values and how they can be applied to corporate governance. It is important to state from the onset that every society has its values embedded in its culture. The same situation applies to Africa. Moreover, African traditional values are not just values like in other cultures. They are the most superior values the world has had. This explains why Europe and USA admired Africans and used them as slaves, clearly ignoring other races. This is however outside the scope of this paper. What is fundamental now is to justify in this section the existence of African values and their relevance to corporate governance.

To begin with, African values can best be discussed and examined in past tense. As the next section will show, attempting to claim that real African values still exist today would be deceptive and similar to squeezing blood out of the rock. This is not to say that attempts are not in place to reclaim African virginity entrenched in the highly cherished values. In Africa, there is debate going on among the epistemic community to propagate seeds of African philosophy of *ubuntu*.

Ubuntu is the capacity in African culture to express compassion, reciprocity, dignity, harmony and humanity in the interests of building and maintaining community with justice and mutual caring (Nussbaum, 2003). Ubuntu is based on the realization that the humanness that I share with others makes me conscious of the reality that in my essential being I depend on the essential beingness of the other. Therefore, 'being for- other' appears to be a necessary condition for being for myself (Koka, 2000). Ubuntu is also exhibited in public service works. For example, when a job had to be done, the whole community turned out with supplies and music and proceeded to sing and dance its way through to the successful conclusion of each particular chore. In this way work was converted into a pleasurable productive pastime (Blake, 1993).

It is imperative to trace African values from the nature of traditional education systems. It is through education that communities would inculcate values in the next generation. But what values were taught and for what purpose? According to Scanlon (1964) education of the African before the coming of the Europeans prepared him for his responsibilities as an adult in his home, his village and his tribe. The Africa youth's ethnic group and community were held cohesively by rules and regulations, values and social sanctions, approvals, rewards and punishments. What the author does not tell us what happened when the Europeans started peddling into traditional African administrative machinery. There is a remarkable agreement among scholars that the training of the young generation helped to shape youth in becoming responsible people both in their homes and as leader in communities (Kenyatta, 1965; Davidson, 1969; Madumulla, 1998). It is therefore beyond reasonable doubt that the values inculcated in the youth were useful in corporate governance.

Ironically, we cannot stop from appreciating the existence of African values today? Perhaps we could agree that there is a highbrid of these values in Africa. Could it be that this 'highbrid' is responsible for the failure of the compatibility of African values and corporate governance? The section below gives anatomy of factors responsible for the incompatibility.

The incompatibility of corporate governance and African values

Following Adam Smith's theory of moral sentiments (1759), it is inferred that the importance of African values are satisfactorily examined by the first part of the theory. African values shaped leaders into serving their communities with sympathy and compassion. However, in the era of colonial and post-colonial Africa, the continent started witnessing an adulteration of the traditional values. This explains why the second part of Adam Smith's theory explains individualistic nature of the colonial and post-colonial Africa. Several scholars from within and outside Africa seem to agree with this discussion in this regard.

Perhaps the questions lingering in one's mind are, 'what exactly happened during the colonial and post colonial Africa? How were the African values eroded by the colonial and post-colonial aliens and how does this explain corporate governance vulnerability in Africa? These and other questions will be answered in this section.

In the colonial period, powers invaded Africa and occupied it whilst exploiting its enormous human and natural resources (Lumumba, 2011). But worst of all, they introduced values that were alien to Africa. For example, the concept of profitability unethical as it is was unknown to Africans (Broodryk, 2005). This is because; the concept of profitability is ego-centric and individualistic. This concept had caused bloodshed and failure of corporate governance in USA and Europe because it had little appreciation to community welfare which African values advocated for. This implies that African values were raped by alien corporate business practices, and the two will remain incompatible.

Another important point to examine here relates to the readiness of Africa to develop and strengthen its own traditional structures to foster the effective corporate governance. In this regard, Wyk (2007) posits that African had little time to prepare for independence and at independence the incoming elite inherited alien structures. Administrative structures in the corporate world developed through coercive mechanisms and centralized political and economic controls such as the army, policy and the bureaucracy (OAU charter, 1976). This explains why most of the corporate governance guidelines in African countries resemble the systems used in the United Kingdom. In addition, local company laws have been influenced strongly by British company laws (Khomba and Vermaak, 2012).

Perhaps one wonders why post colonial leadership in Africa did not restore the virginity Africa had lost through the intoxication of its traditional values by the self-invited strangers. According to two eminent scholars, Calderisi (2006) and Ayittey (2012), there was no opportunity for Africa to determine influence its corporate governance destiny after the invasion of the aliens. This is because of two reasons, namely, by the time African states gained independence in early 1960s, European governance practices had penetrated every aspect of public and business sector. It should be pointed out here that most African leaders who waged liberation struggles against the foreign leadership had studied in the western world. So, their mind had been either Europeanized or Americanized. Moreover, the colonial period was longer than the period most African states have been independent. For example Uganda was colonized for over 70 years, yet it has been independent for only 51 years. Next is the fact that colonialists did not pull out of Africa completely. Their influence in the post-colonial era was seen in their continued investment in Africa. It therefore became increasingly difficult for Africa to regain its former glory. This explains why Eurocentric values explained in the second part of Adam Smith's theory of moral sentiments continue to dominate the corporate world in Africa. What then is the implication of this analysis for the future of corporate governance in Africa? The section below examines this question in detail.

Implications of the discussion to the future of corporate governance in Africa

The discussion has consistently emphasized the importance of the traditional African values in corporate governance. However, due to the influence of the foreign corporate governance practices, it is still yet a challenge for the corporate world in Africa to reclaim and integrate African values into the governing practices. Unfortunately, there appears to be little effort if any, to develop corporate governance practices based on the African values.

This discussion recognizes the effort made by the defunct Organization of African Unity (OAU) which made a charter in 1976 on the appreciation and incorporation of the African values into management practices. On a sad note, OAU collapsed due to the clandestine actions of the former colonial masters before the realization of this dream. Although the African Union (AU) resulted the idea and drafted a charter on African values and principles of public service and administration on 31st January 2011, the component of fostering traditional African cultural values was totally ignored and it is not mentioned anywhere in the charter. This discussion appreciates the effort made by the OAU and recommends that the AU states should consider incorporating this aspect in the charter, or draft a relevant charter to that effect.

The effort to advance African culture should continue unceasingly. More effort is needed to teach the whole corporate world that African traditional values are essential for corporate business success. This will require moving across and beyond the continent. Currently, it is a known fact that African values are deeply misunderstood in the (Nussbaum, 2003). The world knows more about Confucianism- a Chinese philosophy than it knows about the cultural values of the entire African continent. This means that China a mere state has marketed its values more than the entire continent. Yet, African values and beliefs such as the belief that 'the prosperity of a single person does not make a town rich. But the prosperity of the town makes persons rich' (Davidson, 1969) is both practically and theoretically good for corporate governance, yet it is little known in the corporate world across the globe.

It is true that Africa was colonized and raped of its highly cherished values as already stated. But for how long should the African executives continue to sing this song? As an African proverb goes, *sitting and wishing does not make a man*. Another African proverb goes that *it is the burial cloth that knows better the private parts of the deceased* (Madumulla, 1998). Africa has experienced and suffered bitter situations inflicted by foreigners, but this does not mean that we should not a rise and shine again. Africa should develop, nurture and sustain its corporate governance practices tailored to the African values of respect, trust, compassion and, above all, the concept that the success of one person depends very much on the success of all (Luhabe, 2002).

Conclusion

Success in revamping of the African traditional values and incorporating them in corporate governance practices will not come on a silver plate. Rather, it will require the sacrifice of the African men and women in both the corporate world and policy making institutions. It will require not only advocacy but also lobbying African leaders. It is not a one day accomplishment but a task worth pursuing with hope of success at some day. It will require decolonizing Africans and undressing them of the colonial mentality. At the end of the day the future generation will flash back and appreciate the effort of their ancestors- you and me who resurrected African values for the sake of rescuing corporate governance in Africa.

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