

A globe showing the continents of Africa and Europe, surrounded by several chess pieces (pawns, knights, and a king) on a dark, reflective surface. The lighting is dramatic, highlighting the textures of the pieces and the globe.

The State and Enterprise in an Age of Empire and Decolonisation

*A Study on Business Development and Political
Risk Management in Mining in Zambia and the
Congo, 1950 to 1982*

GSSR Summer School 2021

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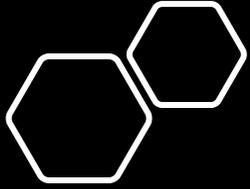
Gothenburg University, Unit of Economic History

Conceptual Overview

- Conceptual framework FDI Risk (Casson & Lopes, 2013)
 - Objective and Subjective Risk
 - Focus on Objective Risk
 - Institutional (North, 1990) and Natural
 - Organisations and Firms
- Political Risk (Kobrin, 1982) – “Potentially significant managerial contingencies generated by political events and processes”
- Business Diplomacy – Firms as the main actor in responding to structural changes in domestic and foreign policy that threaten its bottom-line (profit) and long-term survival

Motivation for the Study

- Bountiful interwar scholarship on political risk on Europe (Kobrak & Hansen, 2004; Jones & Lubinski, 2012; Lubinski & Wadhawi 2020)
- Need for comparative studies that illustrate institutional development in Central Africa
- Need for systematic studies that show how business diplomacy is influenced by:
 - Corporate structure, Host and Home country & Corporate domicile in MNCs success
 - Useful operational terms - Board capital, role legitimacy, obsolescing political legitimacy & Elite illegitimacy

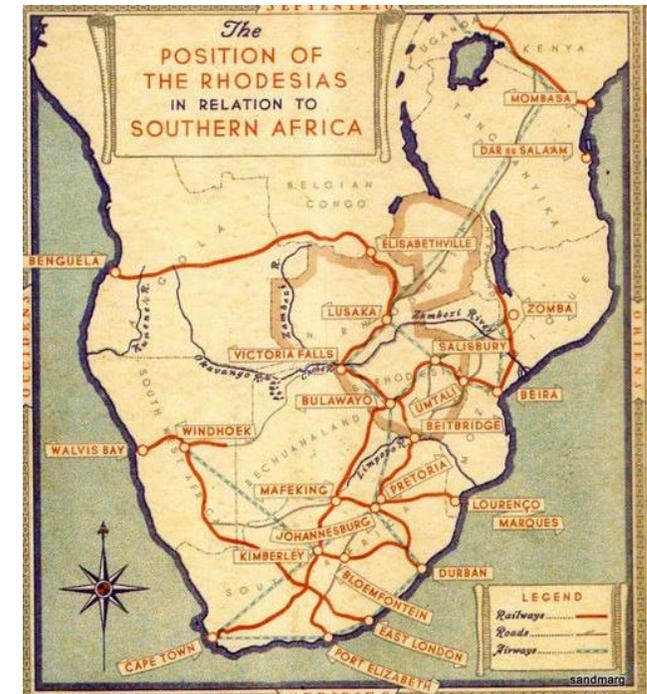
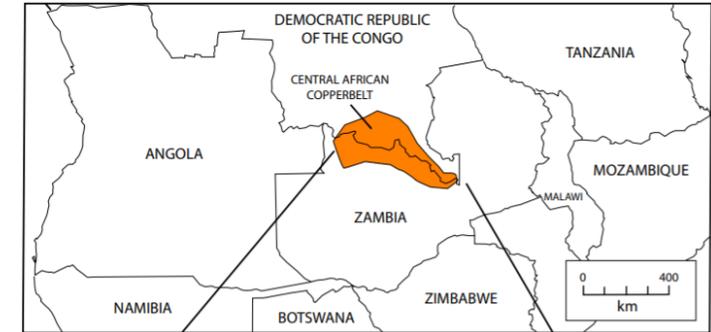


Research Questions

- **How do Multinational Corporations (MNCs) identify, define and manage political risks and uncertainty?**
 - What is the impact of the corporate structure on an MNC's business diplomacy strategies?
 - How does an MNC's board of directors – and their networks – influence its business diplomacy strategies?
 - How do home and host country structures influence the business diplomacy strategies of MNCs?

Cases and Method

- Comparative case method to be employed using RST and Tanks Group
 - Marked by British interests but with contrasting positions on decolonisation.
 - RST majority US ownership and Tanks minority stake in UMHK and owner of Benguela rail
- Explanation building with a historical narrative approach
 - Analytical technique that is iterative
 - Triangulation of sources emphasized



Hypotheses that guide the project

- *H1a* -Majority ownership of an MNC by a non-colonial power makes it more politically legitimate for nationalist movements in a host country
- *H1b* -Political relations between host and home country are more important in determining the legitimacy than colonial or non-colonial ownership of an MNC for nationalist movements
- *H2a* - MNCs that are ideologically aligned with a host government that is deemed to be illegitimate excel by being less visible or embedded in the host country
- *H2b* – Ideological affiliation of MNC to an illegitimate host government makes it more active in national processes and being used by the host state to enhance its legitimacy

Theoretical Framework

- Business diplomacy
 - Firm level (corporate structure) and Institutional (ideology and competition in political market place)
- Public Choice – How choices are made in the political marketplace
- Institutional theory – North, and Di Maggio and Powell (Organisational studies)
 - Coercive, Mimetic and normative Isomorphism, and Decoupling

Sources & Anticipated Challenges

- Archival material from the US, UK and Zambia.
 - Company records & Private papers
 - Records of the bureaucracy & Foreign intelligence reports (declassified UK and US documents)
- Effecting delimitation(s) and plan given the range of sources and time

Conclusion

- Central and Southern African region characterised by long-term embeddedness between state and firms making it a viable prism to examine political risk and business diplomacy
- Cases useful for illustrating divergences based on host states, and possible UK and US influence as home countries

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Thank You!