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What Happens When Corporate Ownership Shifts to China? A Case Study on Rubber Production in Cameroon

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Abstract This article seeks to understand the evolution of corporate social responsibility (CSR) through two phases of privatisation: the acquisition of a Cameroonian state-owned public rubber company by a Singaporean firm, and the subsequent acquisition of the latter by a Chinese state-owned company. The investigation revealed that a number of unresolved problems, including uncompensated land, dispossession by the government, failure to fulfil a promise of vesting a proportion of the company's capital with employees and a history of unsatisfactory employment conditions, were passed on to two generations of multinational owners. Although there are preliminary indications that the Chinese investors may have a stronger interest in reforming and rejuvenating the company, from increasing production and efficiency to applying CSR standards, it remains to be seen whether the sector will bring greater benefits to local communities and employees given the entrenched nature of pre-existing shortcomings.

Cet article cherche à comprendre l'évolution de la responsabilité sociale d'entreprise lors de deux phases de privatisation, lorsqu'une entreprise publique de caoutchouc a été rachetée par une entreprise singapourienne, qui a elle-même été rachetée par une entreprise d'Etat chinoise. La recherche a révélé que deux générations de propriétaires internationaux ont hérité d'un certain nombre de problèmes non-résolus, tels que la prise de possession des terres par le gouvernement sans compensation, le manquement à la promesse de remettre une part du capital de la compagnie aux employés, ainsi qu'un passé de conditions d'emploi non-satisfaisantes. Certains indices préliminaires montrent que les investisseurs Chinois pourraient avoir un intérêt plus fort dans la réforme et la revitalisation de la compagnie, que ce soit pour l'accroissement de la production et de l'efficience, ou pour appliquer les standards de responsabilité sociale d'entreprise. Cependant, il reste à prouver que le secteur bénéficiera plus largement les communautés locales et les employés, au vu des problèmes pré-existants bien ancrés.

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Introduction

During the last decade, media and academic coverage of China's investments in African agriculture have increased manyfold (Schiere *et al*, 2001; Kaplinsky, 2008; Ademola *et al*, 2009; Kaplinsky and Morris, 2009; Moyo, 2012). Politically, these investments seem to be major elements in the gradual replacement of the 'Washington Consensus', which for African countries is synonymous with structural adjustments and the conditionality of economic aid, by the 'Beijing Consensus', which is based on the stated principle of non-interference in the countries' internal politics while promoting a mutually beneficial environment for development and trade (Meidan, 2008; Delcourt, 2011; Braeckman, 2012). Strategically, these investments can be ranked as part of the global tendency to accelerate foreign direct investment (FDI) in arable lands

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in order to increase the production of food and other raw materials of agricultural origin such as rubber (Meidan, 2008; Cotula *et al*, 2009; Gu, 2009; Gabas, 2011; Amanor, 2012). Trade between China and Africa, thus, may offer new opportunities for some African countries to emerge out of the underdevelopment and endemic poverty that has characterised their situation to date. Considering the poor performance of farming in Africa (see, for example, Allen and Quaim, 2012), an increase in Chinese FDI could contribute to reviving agricultural production through technology transfer, the use of improved seed varieties, opportunities to access international markets, job creation, greater tax income and expertise (Castel and Kamara, 2009).

In Sub-Saharan Africa, FDI followed a seesawing trend in recent decades: FDI was higher during the immediate post-colonial period than in the 1980s, and then rose to a record high of 37.3 billion US dollars in 2008 before levelling off (Meyer, 2012). China's 'going global' strategy, launched in 1999 in part to spur Chinese FDI, has buoyed investment in Africa following the 2008 financial crisis (Brautigam, 2009; Miller, 2010). Yet despite the benefits of increased funding, there are still many issues and questions about the negative externalities of increased FDI in Africa. Foreign investments, particularly in land-based productive sectors such as agriculture and forestry, can, for instance, engender negative environmental effects, jeopardise local people's access to resources essential for survival and may also trigger conflicts with communities adjacent to or within agro-industrial zones.

Such fears in part explain a tendency towards negative evaluations of Sino-African relations, at least as depicted in certain media and other spheres of Western influence (Brondeau, 2010; Delcourt, 2011). One common perspective is that China as a 'partner in development' follows a *modus operandi* unlike that of traditional partners. Examples that support this perspective include the manner in which Chinese FDI often favours a public–private approach in its foreign policy, which can allow Chinese firms to take risks other private companies cannot afford (Edinger, 2008), and the limited transparency of its high-level negotiations on aid, trade and investments, which are often linked (Huse and Muyaka, 2008). China's application of its non-interference policy when granting financial aid is favourably received by many African leaders, who want to maximise self-determination and minimise non-tariff trade barriers, but this requires turning a blind eye to a potential consequent decline in socio-environmental standards (BIC, 2006). Analyses of the Chinese share of investments in long-term development processes in Africa indicate that there are major differences between sectors, which generally make it impossible to draw clear conclusions on the impact of these investments on the well-being of communities and their environment (Asche and Schüller, 2008; Cerutti *et al*, 2011).

The purpose of this article is to further knowledge of the contributions and impacts of Chinese investments in Sub-Saharan Africa by evaluating their socio-economic effects on the Cameroonian agricultural sector, with a focus on rubber (*Hevea guianensis*) production. Agriculture is used here as just an example of the much larger framework under which Chinese investment is impacting the Cameroonian economy and its environment, of which several dams, roads and plantations constitute some of the most evident signs. The bilateral cooperation between the two countries, following the pattern defined by the Beijing Summit of the Forum on China–Africa Cooperation in 2006 (AFRODAD, 2011), covers trade, construction, infrastructure, agriculture, education, culture, finance, energy and exploitation of natural resources.

A rubber production and processing company is analysed in a case study that compares three stages in the life of the company: from a Cameroonian public enterprise (1975–1997), to a privatised enterprise with non-Chinese capital (1997–2008) and finally to an enterprise injected with Chinese capital (2009 to present). This process, in which a third company takes over the parent company of a subsidiary located in Cameroon, is in many regards similar to the operation in which a multinational company in the raw agricultural materials sector absorbs the upstream

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and downstream subsidiaries (Gabas, 2011). The case study and historical analysis of this firm, through three changes in ownership over the last 30 years, will shed light on how ownership or geographic origin of investment can affect corporate performance and local socio-economic outcomes (see also Putzel *et al*, 2011). The article is organised as follows. The first section presents the theoretical background, the second describes the methods used, and the third shows and discusses the results chronologically. The last section concludes.

Conceptual Framework

This case study uses the concept of corporate social responsibility (CSR), in which adopting companies are supposed to go beyond compliance, and undertake actions to provide for social and environmental well-being, over and above the primary interests of the company and its legal obligations (McWilliams and Siegel, 2001; Logsdon and Wood, 2002; Utting and Ives, 2006). With this in mind, the United Nations Global Compact (UN, 2000) suggested three conceptual spheres for describing CSR: respect for human rights, labour rights and the environment. The paragraphs on CSR identify two reasons for actions that fall within the scope of CSR. First, the enterprise adopts a philanthropic approach to fulfilling a number of social and environmental goals. The immediate effects of this approach are a certain reduction in company profits (Baron, 2001). Second, the enterprise incorporates the CSR programmes in its management and marketing strategies to align the improved social and environmental outcomes with its own economic interests. Thus, the motivation is 'business-oriented', and the enterprise is 'privately responsible' (Baron, 2001). The theoretical field of business ethics leads to the important question of the conduct of multinationals working abroad, when the socio-environmental standards of the host country are lower than those of the country supplying the capital. This issue is linked to the one discussed above, that is, to the headquarters-subsidiary approach (or the centre-periphery approach) to investments, wherein the integration of multinationals depends mainly on the two processes of control and headquarters–subsidiary coordination (Baliga and Jaeger, 1984; Roth and Nigh, 1992).

CSR has been criticised as an instrument of transnational private governance, which legitimises privatisation of the national patrimony, and entrusts for-profit corporations with the generation and protection of public goods and prevention of social injustice (see, for example, Nölke and Graz, 2007). The enhanced role of multinational corporations in governance may be functional within a paradigm of 'world-capitalism' as articulated by Shamir (2011). However, violations of local rights may also be perpetrated with impunity by global corporations wearing a thin veil of CSR (Thabane, 2014). From the environmental perspective, CSR has been used to 'greenwash' corporate behaviour, when positive perceptions of environmentally responsible practices are greater than their actual benefits due to a 'disclosure-performance gap' (Ullman, 1985; Font *et al*, 2012). Regardless of these caveats, the principles of CSR can be used as a measure of corporate performance (without entering the broader paradigmatic minefields within which it is embedded) to examine social and environmental performance of firms on their own merits.

One of the main drivers of CSR is the idea that social and environmental responsibility can generate economic benefits. Another aspect is the approach to social questions represented by the stakeholder concept, which requires a consideration of business within a broader ecology of socio-economic realities incorporating concepts such as human and labour rights, economic and environmental justice, and a suite of other norms emerging through global discourse. Typical perspectives on CSR have held out the promise that corporate self-regulation and voluntary initiatives could be harnessed to address many public social and environmental problems. In short, where the State fails, private enterprise and non-state actors could succeed (Dahlsrud,

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2008; Utting and Marques, 2013). Stakeholders, in this context, are considered to be persons or groups affected by the activities of an enterprise (Baron, 2001). Hence, enterprises are expected to broach socio-ecological issues by evaluating the impact of their activities. According to Utting and Ives (2006, p. 11), CSR conveys two mains ideas: (i) corporations should go beyond the minimal standards laid down in law and piecemeal superficial interventions, by adopting a comprehensive range of voluntary initiatives aimed at minimising malpractice and improving their social, environmental and human rights performance; and (ii) companies need to be more responsive to the concerns of stakeholders and to aspects of management that include, but are not limited to, risk and reputation management. Another comprehensive classification of CSR that will be considered in this article is derived from the work of Auld *et al* (2008), comprising individual firm efforts, individual firm and individual NGO agreements, public–private partnerships, information-based approaches, environmental management systems, industrial association corporate codes of conduct, and non-state market-driven governance.

As Wong and Kiswend-Sida Yameogo (2011) stressed, CSR is not yet included in public debate in Africa, and discussion of the subject is limited to certain professional and academic circles. Thus, subsidiaries of transnational companies operating in Africa do not seem to have independent CSR strategies or policies. Yet, Tan-Mullins and Mohan (2012) have shown that Chinese investments in Africa reveal multifaceted CSR outcomes.

Methods Used

The evaluation of the socio-economic effects of Chinese investments in African agriculture, into which we categorise rubber production, falls under the overall heading of studies on the potential impacts of trade on forests and local communities identified as a priority research area (Putzel *et al*, 2011). With this in mind, the first step was to review the documentation available on Chinese investments in Cameroon, and then to analyse cases that could be useful for this case study. The choice was based on the following criteria: availability and accessibility of information, especially unpublished documents; and the accessibility of former executive staff and employees who could give a historical rendition of events. Five one-to-one interviews were held with experts working in the agro-industrial sector, and with local government officials, to obtain information on the history of investments: the Council Mayor, the Subdivision Officer, the local representative of the Ministry of Agriculture, the local representative of the Ministry of Forest and one local police officer. Two weeks were spent at the agro-industrial site in July 2012. The purpose of the field visit was to improve our understanding of the socio-economic effects within the enterprise and on the local riparian communities. Interviews were also held with four company executives, notably the Human Resources Chief, the farm manager in charge of research and development, the officer in charge of Environment and Security and the factory supervisor. We also conducted two other relevant interviews with the former Deputy General Manager and the former farm manager. These interviews provided solid information about the chronological evolution of events. Focus group discussions were organised with a dozen lower-ranking employees participating in the debates. To collect the opinions and perceptions of the villagers from the neighbouring communities, focus group discussions were also held in seven villages. In addition to these discussions, there were meetings with two leaders of the local NGOs that provide supervision for the rural activities in the zone. Direct observation was used to empirically verify statements made by local sources.

The historical analysis was facilitated by the fact that the socio-economic and ecological conditions of the communities bordering the agro-industrial site had been analysed before the Chinese group took over (Oyono, 2005; Gerber, 2007, 2008). Earlier analyses pointed to conflicts

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over land tenure and environmental issues, and a claim for financial compensation that pitted the riparian ethnic communities (*Bulu* and *Bagyeli*) against the rubber production group and the State of Cameroon (Gerber, 2007, 2008). For Gerber (2008, p. 25), the conflicts reflected opposition between local communities and agricultural capitalism supported by the State of Cameroon, which is now highly profitable to foreign multinationals. The value systems of the two sides are based on different uses and perceptions of forestlands. These pioneering studies served as historical benchmarks in understanding the evolution of socio-economic conditions and the dynamics of actions within the communities bordering the agro-industrial complex, from the time the enterprise was created until the time it was bought by the Chinese investment group, through to the time when the then-owner, the State, sold it to a privately owned Singapore multinational. Oyono (2005) and then Gerber (2007, 2008) limited their work to documenting interactions between the company and the neighbouring local communities, while our enquiries sought to go beyond this first analysis by describing some of the present-day living conditions of the employees of this company, which is now controlled by Chinese capital.

Results

State Rubber Enterprise: 1975–1997

The public rubber enterprise (Hevecam) is located not far from Kribi, a town located on the Atlantic coast. It was born out of the State's capitalistic policy, which set the pace of Cameroonian economic life on the eve of independence in 1960 (Courade, 1984). Between the end of the 1960s and the beginning of the 1980s, the political authorities in Yaoundé, through 5-year development plans, designed and defined the country's development policy, focusing mainly on the establishment of profit-yielding agro-industrial complexes. Such policy is to be credited with the creation, in 1975, of the public rubber enterprise, with funding from the World Bank and technical assistance from the French Rivaud Group.

In 1974, to establish the rubber production complex, the State of Cameroon declassified a national estate of 41 339 ha of forestlands and reclassified it as a public estate to be used as a State investment, and used in kind as part of the start-up capital for the rubber enterprise. This State acquisition of forestlands was not against the national land tenure laws in force; however, it was carried out in a fashion that was detrimental to the historically well-documented customary land entitlements of resident groups belonging to two ethnic minorities (Dugast, 1949; Alexandre and Binet, 1958; Oyono *et al*, 2000; Oyono, 2002; Oyono, 2005). These groups include the *Bulu* (a *Bantu* group) and the *Bagyeli* (a group belonging to the ethnicities once referred to as 'Pygmy' populations, or 'Forest People'). Compensation was not paid that was commensurate with the real value of the inherited lands these communities were forced to abandon.

The government did award compensation in the form of foodstuffs and a monetary sum of about €7600 to one village, but the other communities involved were not compensated at all. This process of dispossession has been considered tantamount to a spoliation of ancestral lands by State authorities, and has over time generated conflicts and a number of legitimate claims for financial compensation (Oyono, 2005; Gerber, 2007, 2008). The legal arrangements and the deforestation of the occupied lands in preparation for rubber monocropping started in 1975. By 1980, the State had invested over €40 million in the Niétè agro-industrial site (Willame, 1985, p. 47) and by 1985 the installation of the plantation had created 2800 jobs (Hevecam, 1994). The workforce grew to 4317 employees by June 1994, and this supported about 15 000 residents of the 15 villages created by the rubber company for its workers and their families (Hevecam, 1994).

In the mid-1980s, however, Cameroon was hit by a severe economic crisis that was reflected, *inter alia*, in the sharp drop in the price of agricultural commodities (including rubber) and in the stagnation and subsequent downturn in oil production (Courade and Alary, 1994; Gauthier, 1996). After considerable procrastination, the Cameroonian authorities were obliged to accept a series of Structural Adjustment Programmes, imposed by the Bretton Wood institutions (Gerber, 2008), which led to the privatisation of the State's agro-industrial heritage (Willame, 1985; Konings, 1986; Courade and Alary, 1994; Mbembe, 1999; Etounga-Manguelle, 2004). In 1996/1997, the agro-industrial complex was sold to Singapore's Golden Millennium Group (GMG). Privatisation brought the State €39 million for the sale of 90 per cent of its shares (Begne, 2006, pp. 112–113). The remaining 10 per cent was kept in the State's portfolio. At the time of privatisation, the enterprise had a 99-year lease for the 41 339 ha of land area, including 18 000 ha of rubber plantation, an industrial plant for processing rubber and latex with an initial capacity of 24 tons per day, and over 5000 employees. The latter, together with their families, the government services and the traders, totalled close to 18 000 inhabitants living in a small agro-industrial town with a nursery, primary and secondary schools, a 140-bed hospital, a community centre, sports and recreational areas, and a swimming pool (see Table 1).

Privatisation of the Agro-Industrial Rubber Production Complex: 1997–2008

In 1998, 2 years after the State transferred Hevecam to GMG International, the two parties signed an agreement with commitments on both sides (Republic of Cameroon, 1998). GMG committed

Table 1: Summary of main events in the life of the Cameroonian rubber company

Types of investments	*State of Cameroon ownership (1975–1997)*	*Singapore ownership (1997–2008)*	*Chinese ownership (2008–2013)*
Industrial investments	● 41 339 ha ● 15 125 ha of rubber plantation ● 124-ton capacity industrial rubber transformation facility ● 5000 employees	● 2875 ha increase in rubber plantation ● Increase in transformation capacity to 50 000 tons ● 4500 employees	● Renovation of plantations: 2000 ha ● Creation of a research laboratory and nurseries ● Plan extension of plantations ● 5500 employees ● Adoption of a sanitation-security-environment policy
Social investments	● Construction of 17 camps and 3 villages ● Two nursery schools ● One primary school ● One secondary school 1140-bed hospital ● One cultural centre ● Sports and recreational areas, a swimming pool	● Increase in enrolment capacity in schools ● Increase in technical capacity of the hospital ● First step in electricity installation in camps	● Improvement of hospital capacity ● New insurance policies for employees ● Safety equipment and means of transport for workers ● Salary readjustments in 2012 ● Payment of bonus to employees, following the strike ● Transfer of 3 per cent of the capital to the employees, following the strike ● Opening of discussions with local communities on establishing rubber plantations

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to new investments, new jobs, salary increases, and a social security and public services plan, and the government committed to preferential legal, financial and fiscal treatment granted to the buyer.

The agreement specifies that the enterprise would make a far-reaching 10-year investment starting in the reference year 1997/1998, involving the following investments (Republic of Cameroon, 1998): creation of new Hevea plantations at a pace of at least 2000 ha per year; regeneration of existing plantations to cover a total area of 14 842 ha; improvement of rubber processing plants and acquisition of new ones to transform rubber into latex and store it; construction of a research and development laboratory; creation of 7000 new jobs; increase in employees' wages; and the transfer of 3 per cent of the company's capital to the employees. Furthermore, in regard to social welfare and public services, the buyer pledged to fulfil a number of conditions, including: assistance and support for the development of village plantations; expansion of the village plantations in all the riparian communities inhabited by the *Bulu* and *Bagyeli* ethnic groups with financial support from the World Bank; improvement of employee housing; provision of health-care coverage for all employees and their families; protection of the environment; an increased enrolment capacity for education facilities, maintenance of existing roads; and financial support for police serving the headquarters' urban area and for other administrative services.

The government of Cameroon agreed in turn to guarantee the unrestricted importation and transport of materials needed for the operation of the plantation; to take all measures favouring rubber production and exports; to provide legal guarantees for the non-discrimination of the enterprise; to ensure respect for private property and for the free exercise of trade and industry; to authorise the opening of bank accounts abroad; to grant the enterprise the benefits of the tax regime for strategic enterprises as set out in the Investment Code; to grant an exemption from the insurance contracts registration tax; to grant a 50 per cent reduction on the corporate tax, a 50 per cent reduction of the proportional tax on revenue from investment capital and a 50 per cent reduction of an amount equal to 0.5 per cent of the Free on Board value of the manufactured exports; and to exonerate rubber exports from the export tax. Lastly, the Agreement included a mechanism for monitoring and annual control, and for the settlement of disputes arising from the execution of the Agreement. The Agreement was to remain in force for 12 years starting on 1 January 1998 (see Table 1).

Acquisition of the Agro-Industrial Complex by Chinese State-Owned Enterprise

Since privatisation in 1996, the Cameroonian subsidiary of GMG had structured its industrial strategy around three main axes (Gerber, 2008): increasing the productivity of the plantations, maximising profits and, in compliance with the Agreement signed with the State, increasing the land area under cultivation. As a result, annual latex production rose from 8200 tons in 1988 to 26 500 tons in 2001, and the surface cultivated since privatisation grew from 15 125 ha of rubber planted (430 ha of which in village plantations) (Gerber, 2008) to 18 000 ha (600 ha of which in village plantations). Moreover, more equipment has been installed in the processing facility since privatisation, and in 2010 annual processing capacity officially stood at 50 000 tons of latex (GMG, 2010), though it is likely that actual average production was about 100 tons per day (*Hévéa News*, 2012a), or a total of 30 000 tons.

In 2008, Sinochem, a Chinese State-owned enterprise, became the majority shareholder of GMG International. The management and strategy of the Cameroonian subsidiary changed *de jure* with a shareholding ratio of 90 per cent to Sinochem and 10 per cent to the State of Cameroon. Attention was initially given to increasing the land area planted and, from 2011, to renovating the old plantations in conformity to the original Agreement, which Sinochem decided to extend. Furthermore, a new research laboratory was built, and new nurseries are currently providing new stock to replace old plants. In 2009, the company articulated a policy for

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sanitation, security and environment policy based on eight internal pillars. Efforts are also being made to expand new sites located at some tens of kilometres from the original headquarters, and to adopt the ISO 9001 certification procedure (*Hévéa News*, 2012a). Recent data show that Hevecam produces 60 per cent of Cameroon's total latex production. It is the third largest employer in Cameroon with over 5500 employees, and in 2010 generated 49 per cent of GMG's global registered profits, more than the company's other subsidiaries in Cote d'Ivoire, Indonesia, Malaysia and Thailand (GMG, 2010). In 2011, the company was capitalised at €20 million and its turnover was evaluated at over €90 million (*Hévéa News*, 2012b). Hevecam's workforce, together with their families, merchants and a few civil servants, totals more than 20 000 people living on the headquarters' site (*Hévéa News*, 2012b), divided into 17 camps and 3 villages. The population level fluctuates during the various seasons of the year, at times reaching up to 35 000 inhabitants (*Hévéa News*, 2012a).

Discussion

Social well-being is a complex notion but there is general agreement that it includes some measure of economic prosperity, health and happiness. In this context, the social well-being of employees and local communities has been assessed using indicators relevant to socio-economic life, including equity, health and social cohesion (OECD, 2005; Boarini *et al*, 2006; Boarini *et al*, 2008).

The socio-economic situation in the study area has recently been characterised by social unrest over several issues, partly a legacy of the 1998 Agreement and partly due to new claims made by the employees over their living and working conditions. In a protest over employment conditions, for instance, the staff went on strike at the end of 2011. At the end of January 2012, the Cameroonian Minister of Labour chaired a mediation session that brought the strike to an end (*Cameroon Tribune*, 2012; *Hévéa News*, 2012a).

GMG (Singaporean) seems to have respected only a few of the provisions of the Agreement concluded with the State in 1998. In fact, many claims are still unfulfilled with regard to, among others, higher wages, expansion through creation of new plantations and a new workforce, the recruitment of the prescribed number of people, the transfer of 3 per cent of the privatisation capital to the employees and the improvement of the workers' living quarters through the construction of houses made of durable materials. The employees felt that the strike was the only way to put pressure on Sinochem, the new majority shareholder, to change the direction of the reportedly 'antisocial' management strategy that had been applied by the former majority shareholder. For instance, an unskilled farm worker reported that after 12 years of service, his monthly salary in 2012 was just above € 77 per month, that is, barely more than what he had earned in 2000.

The strategy adopted by the staff seems to have worked, and eventually the mediation led by the Minister ended with the signing of a memorandum of agreement, between the new management and the staff delegates, which contains plans to settle employee grievances. In particular, the management promised to grant an exceptional bonus of € 2 million to the employees (about € 313 per employee). Interviews also show that, although health care has reportedly been improving over the years, regardless of owner, it was under Chinese management that the company decided to subscribe to complementary health insurance policies for employees and their families. Moreover, additional equipment and medicines have been bought for the headquarters' hospital.

Social cohesion, on the other hand, seems still problematic, which could be expected after several decades of unfulfilled (and apparently legitimate) expectations. Overall, the legacy of old grievances and conflicts still complicate social relations in the area, and recent incidents illustrate the urgent need for improved, more transparent and functioning social policies governing

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relations between village planters and the company, as well as those with the State. While from the company's perspective profit maximisation could be understandable, existing evidence suggests that this is occurring at the expense of the well-being of employees and local communities, in part due to a non-transparent way of conducting business.

Recently, for instance, the company has been reportedly buying rubber from 300 riparian village planters at €0.45/kg. To their dismay, the planters realised that the company was heavily under-pricing their products, and in early 2012 they met with a competitor in latex production. The latter started buying the output at €1.4/kg. The company reacted by increasing the price paid to €1.1/kg and asking the government authorities and the local police to prevent trucks from the competitor's company from entering the site, thus preventing the rival company from buying from the local villages.

Although this government action does not comply with the law or the spirit of price liberalisation and free competition in Cameroon, it was still in force when interviews were conducted, and contributed to increasing the anger and resentment of local communities towards the company. Most importantly, such actions raise concerns about the role of the State, which has already been called into question due to its past decisions on land tenure. Indeed, GMG International inherited a land conflict that, until 1996, had pitted the local *Bulu* and *Bagyeli* communities against the State of Cameroon (Oyono, 2005; Gerber, 2007, 2008). This conflict over land tenure was exacerbated by failure to address the legitimate demands for financial and material compensation that should have been paid to local communities when the Cameroonian government annexed their ancestral lands. Privatisation did next to nothing to solve the conflict. The majority of people we met in the neighbouring villages are still trying to recover parts of the ancestral lands that were annexed without financial and material compensation. As mentioned, one village did receive compensation, but this occurred because the rubber plantation established in the village was planted to the detriment of the existing cocoa crops, whose value for compensation could be established.

There remain also several unaddressed claims for more equity in social policies. For instance, during privatisation, about 600 ha of rubber plantation was supposed to be returned to several riparian villages. Contrary to expectations, however, the Cameroonian government and the agro-industrial company together decided to allocate this land through a call for tender, an expensive administrative procedure that automatically excluded the village communities from the retrocession process and only benefited a *politico*-administrative elite and the company's operators, who took over all the available plots. This fostered a sense of marginalisation and exclusion in the local population, who is also complaining that, on top of 'stealing' their land the company had done nothing to encourage the recruitment of 'their children'. Reportedly, only two junior cadres out of a total of 71 and none of the plantation workers, out of the thousands working for the company, were recruited from neighbouring villages.

Such latent tensions, together with expectations that remain unfulfilled but are considered as fully legitimate by village elders and youth alike (Oyono, 2010, p. 15), if not addressed, may result in open conflict and violence that disrupt social life. For instance, Oyono (2010, p. 2) reports that young people from the neighbouring communities, who are vulnerable to unemployment, prostitution and alcohol-induced delinquency, often steal rubber from the plantations, damage company property and fight with the workers. Reportedly, police interventions, instead of easing the situation, include arbitrary detentions and other abuses committed towards neighbouring populations.

On the positive side, some steps in what seems the right direction to, at least partly, solve these problems have indeed been taken by the new management under Sinochem. Aware of the environmental injustice that led to violence and frustration among the victims of dispossession, and pressed by the headquarters' town officials and the leaders of the riparian villages, management has started negotiating with the local communities about earmarking 7000 ha (out of the 14 000 that the State had recently declassified) for rubber production, for a total

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financial investment estimated by the company at about €8 million. Two thousand hectares of the future plantation would be managed as a common property resource shared by the local communities, and 5000 ha would be managed directly by the company, who in turn would reportedly pay annual land tenure fees and provide a number of social services to local villages.

Conclusion

The snapshot presented in this article of the socio-economic situation within the rubber production industry in Cameroon over recent decades shows that employment conditions and, more generally, relations between local communities and the company have often been conflicted. The causes and intensity of conflicts and their degree of violent manifestations have varied over time, but overall they were, and still are, based on a sense of perceived injustice, inequity and unfair treatment on the part of the villagers, the workers and their extended families. Such feelings, and the suboptimal remuneration and employment conditions, can be traced first to the heritage bequeathed by the former owner, the State of Cameroon, to the Singaporean group at the time of privatisation. Indeed, although the plant reportedly had a production and first-level processing capability and a strong, equipped workforce before privatisation, the cut-rate wage policy and the working and living conditions were far from ideal under State management.

The trend only became more pronounced and the situation grew worse under the Singaporean management, with the State playing a passive role in that it did not monitor the working conditions, contrary to what is mandated by the law over all companies operating on Cameroonian soil. In 2009, after Sinochem bought a majority share of the capital, Chinese control of GMG International did not immediately and radically change the socio-economic conditions in the Cameroonian subsidiary. Nonetheless, interviews show that there have been recent improvements in the working conditions, in particular through the adoption of the sanitation, safety and environment policy, the insurance policies, and the improvement of medical services for the employees and their families. In addition, the decision taken by the Chinese management in 2013 to transfer 3 per cent of the total 90 per cent of shares to the employees' association is remarkable, as such transfer had been promised but had been resisted by the previous owner since 1998. In other words, and in contrast to past trends, the new shareholders and management company seem determined to adopt and, most importantly, implement an improved social strategy. Therefore, in this case, the CSR strategy of the Chinese transnational company is attempting to improve the unacceptable situation of conflict and perceived deprivation left by the Singaporean shareholders. While the new CSR strategy could be a case of greenwashing to improve the social image of the enterprise, it could also be a new departure towards improved sustainability in the company's internal and external practices (Utting and Ives, 2006).

Although material improvements have indeed already been provided by the new management, only time will tell whether all promises will be maintained. To their credit, and in contrast to past owners, the current managers reportedly acknowledge the critical situation and want to put an end to the social injustice and permanent poverty that characterises the lives of the local communities. Of course this remains a challenging task, especially if short-term material improvements are not concurrently backed by a strategy addressing what the local population still perceive as an unfair land grab.

In this regard, we argue that the role of the State, more than the nationality of origin of investment capital, is paramount for the improvement of the population's well-being. In fact, Hevecam is not the sole example of such problematic conditions within the Cameroonian agro-industrial sector, as shown by other recent studies on multinational companies working in the Cameroonian palm oil and banana industries, both with primarily French capital (Boulanger *et al*, 2009, pp. 27–28; MISEREOR, 2010). In fact, most of the agro-industrial enterprises in Cameroon

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seem to be associated with negative effects on the living conditions of local communities (Willame, 1985; Gerber, 2011). As argued by Cerutti *et al* (2011) and Brautigam (2012), there is not necessarily a discernable, generalisable difference in the behaviour of Chinese companies compared with non-Chinese companies in socio-political situations characterised by weak political and administrative institutions.

In this case, the company's CSR seems to be a hybrid strategy instead of one single category among the list presented by Auld *et al* (2008). Indeed, through their improvement measures, the company has addressed some burning socio-environmental issues likely due to pressure from employees and local communities, as well as native endeavours by the firm to address environmental and social concerns by installing environmental management systems to conform with ISO 9001 certification, and to develop other internal safety and environmental policies. Another complementary explanation of the change of CSR in the Cameroonian subsidiary can be connected to the fact that, recently, Chinese State-owned enterprises started to apply CSR standards to their operations in Africa (Tan-Mullins and Mohan, 2012). Thus, real improvements seem to occur when government authority and civil society pressure are met with good will on the part of the company.

Even if it is premature to fully assess the new trend of the relations between the current management team and neighbouring communities, there is evidence of improvements within the plan currently being negotiated to plant rubber for villagers. This project may represent a step towards more economic equity (Assembe-Mvondo, 2006). However, our interviews suggest that the burning claim of ancestral land compensations is likely to be left unresolved by both State authorities and the Chinese management team (Oyono, 2005; Gerber, 2008). This issue could be a persistent bee in any owner's bonnet until settled.

In summary, the case of the two-phased privatisation of Hevecam in Cameroon, through a deal with the Singaporean firm GMG, followed by recapitalisation by the Chinese firm Sinochem, challenges a number of prevailing assumptions. First, it challenges the notion upon which privatisation was based, that is, that privatisation would bring new employment to the sector and improve working conditions. In fact, under GMG (Singaporean) employment decreased and general conditions remained more or less the same, while company employees failed to receive the promised benefits, including the transfer of 3 per cent of the company's capital to them. Second, it challenges the common perception in the Western media that investment from Asia, and particularly from China, systematically results in less satisfactory corporate social practices than investment by non-Asian companies (Moyo, 2011, 2012; Tan-Mullins and Mohan, 2012). In fact, evidence from this case suggests that some of the problems associated with the initial privatisation have been addressed by the new owner based in China. Finally, however, the hypothesis that the origin of a company's capital will affect the local uptake of the parent company's CSR code of conduct is to be treated with scepticism. In this case, Sinochem has inherited a set of problems, including uncompensated dispossession of local communities' lands and unfulfilled promises to workers, that will require a great deal of effort and expense to rectify. Only time will tell whether a new culture of CSR brought by the Chinese multinational will reduce conflict, and improve local livelihoods and environmental outcomes.

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