Business & Professional Ethics Journal, vol. 30, nos. 3–4

Public-Private Partnerships and Corruption in Developing Countries: A Case Study

Geert Demuijnck and Hubert Ngnodjom[1]

Abstract: In this paper we evaluate the ethical aspects of a public-private partnership (PPP) for the production and distribution of electricity in a particular context, i.e., in a developing country characterized by a high corruption rate. In general, multinational enterprises (MNE) are considered suspect in developing countries by their own populations and by others, especially in those countries perceived as corrupt. A second source of suspicion concerns the privatization of utilities: utilities such as electricity and clean water play an essential role in people's lives, thus, leaving their production and distribution in the hands of for-profit companies may seem imprudent, particularly with respect to the poorest people. On the basis of a questionnaire submitted to managers of a privatized utility company in Cameroon, this case study suggests that the combination of these two sources of suspicion does not automatically lead to negative outcomes.

Key Words: business ethics, public-private partnership, utilities, privatization, corruption, developing countries, Cameroon

1. Introduction

In this paper we evaluate the ethical aspects of a public-private partnership (PPP) for the production and distribution of electricity in a particular context, i.e., in a developing country characterized by a high corruption rate. In general, multinational enterprises (MNE) are considered suspect in developing countries by their own populations and by others, especially in those countries perceived as corrupt. A second source of suspicion concerns the privatization of utilities: utilities such as electricity and clean water play an essential role in people's lives, thus, leaving

 Correspondance may be sent to Geert Demuijnck, geert.demuijnck@edhec.edu; or to Hubert Ngnodjom, hngnodjom@gmail.com.

their production and distribution in the hands of for-profit companies may seem imprudent, particularly with respect to the poorest people. This is all the more apparent in countries where the state is relatively weak compared to community ties. And yet, this case study suggests that the combination of these two sources of suspicion does not automatically lead to negative outcomes.

In 1996, the Cameroonian government decided to privatize the national electricity company Sonel. In 2001, after five years of preparation and negotiation, the American AES Corporation bought 51 percent of the shares of Sonel; 5 percent were owned by employees; and the remaining shares stayed in the hands of the Cameroonian state. The new entity became AES-SONEL. Over ten years, the transition from a public administration to a partially privatized company has led to radical changes in the culture of the company, with ethically significant consequences for employees, consumers, and probably to some extent for the civil society as a whole. Our research found that the evolution from Sonel to AES-SONEL has been positively appreciated by the managers. They particularly welcomed the improvement of their relationships with the stakeholders of the company, particularly with consumers. Although far from perfect, the influence of the private partner turns out, at this stage, to have been rather beneficial for the Cameroonian population, and holds promise for the future of the civil society in this country. The case as a whole highlights the potential role of business ethics of MNEs in developing countries.

The paper is organized as follows. Section 2 presents some problematic issues related to privatization in the utilities sector. In Section 3 we point to some ambiguities with respect to CSR in Public-private Partnerships. The following section (4) presents the case in more detail and underlines specific aspects of implementing CSR in highly corrupted countries. In section 5 we discuss methodological aspects of our study. The results of the questionnaire and the interviews are presented in section 6. Section 7 draws some conclusions.

2. Public-private Partnerships in the Utilities Sector

Until the 1980s the distribution of utilities, like water or electricity, was considered to be a service that should be delivered by a state agency or a state owned company for two reasons. First, the distribution network is fixed and costly. It would not make economic sense to develop two or three parallel distribution networks for water or electricity. This was equally the case for telephone networks until the development of mobile phones—mobile phone transmitters spread over the territory are not too expensive to make parallel networks unfeasible. But in the case of other network utilities, distribution based on costly networks is what economists call a *natural monopoly*.

Second, energy and especially clean water are considered to be essential goods for a population's wellbeing; therefore, it seemed too risky to let their distribution depend on the arbitrary circumstances of the market. The last point is relevant and recently a situation in France has illustrated its politically sensitivity. In April 2011, after a winter during which the costs of heating had been increasing, the French government announced that the price of natural gas would be maintained, or rather not increased for one year. The reason seemed calculated to maximize the political benefit as President Sarkozy's popularity rate was extremely low. This announcement made the stock price of GDF-Suez, France's main distribution company, fall by 3 percent (*Les échos*, 5 April 2011). The public was not offended by this surprising intervention in the market. In general, access to energy is considered to be a strategic issue and government intervention in this sector seems rather accepted by the French.

During the 1980s, the movement of privatizations of the utility sector began in the UK, at that time governed by the Conservative Margaret Thatcher. The reasons were ideological. A strong belief in the 'market forces' implied that it would be efficient to replace a public organization that delivered a 'public service' to 'the public' by a private company that sold a product to a client.

The advantages of privatization which are often advanced include the following: first, it is argued that privatization (or a partial privatization in a PPP) leads to a gain in economic efficiency (bureaucratic management is replaced by the more efficient profit seeking management); second, the concern for profitability is especially visible in the way in which agency problems are resolved. For example, arrangements between employees and clients at the expense of the company are not only formally forbidden and severely sanctioned, akin to government agency settings, but the profit incentive conduces management to organize efficient monitoring, and to implement a culture of integrity based on a code of conduct.

A fundamental objection, however, is that the 'market forces' cannot play their role in the situation of a 'market failure' like, for example, a natural monopoly. However, procedures have been invented which make it possible to realize part of the positive effects of competition in such a situation: a system of concessions for a fixed period of time negotiated with a regulator agency (which defends the public interest and fixes the consumer price) is such a second best solution. The regulation mechanism which is now generally considered to be the next best alternative to mirror market competition is called price cap regulation. The regulator fixes a price and a possible price evolution which is determined by the inflation minus the average productivity gain in the sector. Price cap regulation is sometimes called «CPI-X», based on the formula employed to set price caps. This formula indicates how the rate of inflation, measured by the Consumer Price Index, is taken into account—the underlying assumption is that the cost of electricity production follows, *ceteris paribus*, the general price evolution—but, on the other hand, the expected efficiency savings (X) should also be taken into account. If other electricity producers are able to increase productivity, there is no reason to suppose that the company which exploits the concession could not. Therefore, this formula, in which an expected efficiency gain is *subtracted* in the calculation of the accepted monopoly price gives an incentive to the company to seek productivity gains, just like the market forces when there is no monopoly.[2] Efficiency gains beyond the predicted rate X can increase the dividend paid to shareholders, at least until the price caps are next reviewed (usually every five years).

Nevertheless, the idea that the energy and utilities sector should in principle be run by the public authorities is still defended by many people today, and not only by the unions. The main worry about privatization of utility providers is that the 'social mission' of this traditionally public sector will be neglected over time. Unlike other products, access to clean water and electricity are essential, even vital. If we leave the provision of water and energy totally in the hand of for-profit companies, without any regulation other than price regulation, the effects could be dramatic. For instance, an unpaid bill could immediately imply that the provision of water is cut off. Another example, remote communities could forever be excluded from access to the network because, for example, it is more profitable investing around the big cities.[3]

For these reasons, privatization of the network utilities sector typically takes the form of some public-private partnership. The expression public-private partnership is rather vague and covers many different formulas, such as research collaboration between private sector companies and public universities; private investment in prison services; or contracting out public services (Lund-Thomsen 2009; Abramov 2010; Werhane et al. 2011). However, the basic principle of the different formulas is a contract between a public sector institution and a private company, in which the private party provides a public service or project and assumes substantial financial, technical and operational risk in the project. Often, a new company is created, co-owned by the private company and the state. As noted in our introduction, our case study concerns AES-SONEL, a company created in 2001. After five years of negotiation, the American energy corporation AES[4] bought 51 percent of the shares of the publicly held electricity provider SONEL (for Société nationale d'électricité).[5] AES-SONEL now employs about 2500 people. At the same time, the Agence de Régulation d Secteur de l'Electricité (ARSEL), the regulator, and defender of public interest, was created. The method ARSEL uses to fix the electricity price is the price cap method described earlier.

The potential contribution of these public-private partnerships for economic development has been recognized at the World Summit on Sustainable Development in Johannesburg, South Africa in 2002 (UNCSD 2005). However, it is notably difficult to measure the impact of PPPs in general whatever their form. Lund-Thomsen (2010) questions the methodology of the Impact assessment methodologies that are currently used, but he also indicates an important point concerning PPP evaluations: it is not always obvious whether it is in the interest of the main stakeholders to assess the truth about the impact of the PPP. Public authorities may have interest to hide failing projects and private companies may have interest to hide high benefits at the expense of the population. The underlying issue is that the lack of effective monitoring and enforcement mechanisms is problematic insofar governments should ensure that PPPs promote public and not private interests. In our case study, the major question is whether the relatively poor population of Cameroon is better off since the Cameroonian government aligned itself with the American AES Corporation for the production and distribution of electricity.

3. CSR in Public-private Partnerships

There is something ambiguous about the 'social responsibility' of private companies providing a public service in a PPP. On the one hand, it is unfair to praise their CSR policies insofar as these are constraints that are imposed by the public regulator or by the public shareholder. On the other hand, for different reasons, these companies are rather likely to display ambitious CSR policies. The first point can be clarified with the following example: an annual prize for CSR policy was attributed to Transpole, a French PPP company which runs a local public transportation system (underground, streetcars, buses), because it switched to buses that use natural gas rather than environmentally unfriendly diesel.

One may question whether the attribution of the prize is legitimate, because it is not really clear who can claim responsibility for the choice in favor of the natural gas buses, Transpole or the public regulator. It could be the case that the local authorities have, contractually, imposed this transition to natural gas, in which case it seems unjustified to praise the executor of the contract (i.e., Transpole) for merely respecting the terms of the contract. Insofar as social and environmental policies are part of the concession contract, and insofar one adopts the European Union definition of CSR,[6] i.e., integrating social and environmental concerns in business operations on a *voluntary* basis, they cannot really be considered as CSR policies.

On the other hand, it has been argued that utility companies are spontaneously inclined to implement CSR policies. Gérard Mestrallet, the CEO of GDF-Suez, one of the world's largest utilities firms recently remarked that CSR is "in the genes" of his company. He mentioned, to stress his point, the fact that his company was founded on mergers with formerly public services with a social mission statement.[7] However, whatever the roots of a company, the question is: how can a private company, in which the executives and managers have a fiduciary duty to the shareholders interest, maintain this 'public service' mission over time? Or, more precisely, since these companies are usually involved in PPPs, how can the regulator guarantee that the social dimension of the contract will not be diluted in favor of the economic one?

The obvious and most pessimistic answer seems to be a very strict contractual constraint between the company and the regulator. However, this pessimistic vision might be the less efficient one. Very strict regulation may have the effect that companies comply with the rules in a minimal way, and will be very little inventive to realize the social objectives. Alan Jones (2001) has convincingly argued that a more optimistic story can be told. His starting point is Norman Bowie's (1981) comparison between business and the hedonistic paradox. The point is that pleasure becomes all the more elusive is you try to find in a direct way. Pleasure is, as Jon Elster would say, essentially a by-product (Elster 1982). If you pursue pleasure for its own sake, i.e., as a psychological state, you might be frustrated. If you derive pleasure from whatever activity that you value as such, you are less likely to be frustrated. The same holds, to some extent, at least in the optimistic vision of Bowie, for profits in business. Business becomes all the more financially profitable if executives are not solely focusing on profit but on business excellence. According to Bowie, focusing on business excellence includes an ethical attitude. Jones's point is that, in the long run, the better strategy for a private company, especially one that that provides a network utility, is to integrate the social dimension in its mission.

In this case, the objective of the company will not only consist of meeting the requirements of the regulator, but to try to meet these objectives in a creative way. In order to be successful the company would need to synthesize two radically different value-frameworks, a process that is complex and may take some time, but that is perfectly feasible (Le Ber and Branzei 2010). Moreover, as Jones points out, there are elements which make it more likely for network utility provider to integrate the social and environmental dimension in their business strategy. First, utility investments are often long term investments, with a life span of decades. It is much easier, in general, to take into account stakeholders' interest in a long-term perspective than if one is preoccupied with the financial results of the current quarter. Secondly, and related to the first point, for network utility companies in particular it is strategically important to minimize the risk of conflicts with, and threats by, critical stakeholders like customers, communities, NGOs, or the government (Jones 2001, 226). Therefore, it is better to begin with a strategy that integrates the interests of these stakeholders, "If longer term strategies were to become the sector norm, then the kind of social responsibility objectives that the Government is advocating could be brought on to the companies' agendas without coercion."(Jones 2001, 227). It is not obvious, though, whether the latter point equally holds for a utility provider in a developing country with a high corruption rate and where critical stakeholders have much less influence and power.

4. Implementing CSR in Countries with a High Level of Corruption

In this short section, we would like to highlight the specific importance of business ethics and CSR in the context of a state with a high corruption rate. At the time when AES bought 51 percent of the shares of the Cameroonian national electricity producer and distributor, the country was famous for its high corruption rate.[8] Ten years later, the situation is better, but only slightly so. In 2010, Transparency International ranked Cameroon in 146th place out of a total of 178 countries, with 178 being ranked as the worst country for corruption.[9] As a state company, Sonel was not an exception, rather an example of how widespread corruption works. The AES-SONEL people we have interviewed told us different examples of corruption in the old days. If your house was near an existing network, connection to the network would be free. If your house was at some distance (which was fixed by Sonel), you had to pay for the connection. A common practice was to bribe (with less money than the price for the connection) the Sonel employees who would then lie about the distance, use extra cable (which was declared lost or stolen at some point) and then arrange the connection. In many cases, Sonel people invented rules and frankly extorted money from naïve clients, who had no means to protest this abuse of power. Other common practice was to find a connection with an electricity meter, and to make money selling illegally electricity to the neighbors. The Sonel employees themselves would also simply connect onto the network thereby circumventing the electricity meter. Lastly, if you had political power, Sonel could not bother you to collect on unpaid bills. The network was, and still is, in a very bad shape. If one takes a look at the way the wiring is organized in big cities like Douala and Yaoundé, one just cannot understand how they function. In short, the initial conditions to take over Sonel must not have seemed easy to AES; it took five years to finalize the deal.

The role of multinational companies in corrupted countries is often criticized (Renouard 2007). It has been argued that, especially in the mining sector and the energy sector, particularly in oil extraction, the activities of multinational contractors are likely to reinforce the corruption rate (Abramov 2010; Pogge 2008). Of course, this is not always the case, and a crucial factor is the ethical stance of the contracting multinational company, as Cécile Renouard has shown (Renouard 2007) Therefore, an important element in our case study is the ethical stance of the company that bought the public electricity provider.

The reputation of AES Corporation is, according to some sources, questionable. The Dutch watchdog NGO for multinational companies, SOMO, writes in a publication in 2009 about AES that "AES's approach to electricity provision in developing countries seems to be less motivated by CSR issues than by the hard business imperative of profit."[10] However, if one reads the report a bit more closely, SOMO's worries are about the environmental impact of electricity production in Argentina and about the fact that AES, despite investments in wind energy, also invests in power stations that burn coal. The social aspects of AES—working conditions, security of employees—are rather well evaluated.

Other sources[11] argue that AES has a "reputation as one of the world's most socially conscious and organizationally innovative companies." They ground this on the ethical background of the founders Sant and Bakke. "Bakke was a devout Christian who readily acknowledged that his religious beliefs formed the basis of his world view. Sant, too, was raised a Christian, specifically a Mormon, and was an ardent environmentalist. . . . Bakke and Sant maintained that the firm's primary goal was to build and nurture a firm that embodied their shared values, specifically integrity, fairness, fun, and social responsibility." As Bakke told *CFO* magazine in 1995: "The most socially responsible thing we can do is to do a really good job of fulfilling our business mission, which is to provide clean, reliable, safe, low-cost electricity around the world."[12] Bakke has been retired since June 2002, but the same values, among which is the rather surprising reference to 'fun,' are still explicit in AES's mission statement: "We think of work as fun, and by that we mean thoroughly engaging, challenging, rewarding and enjoyable."[13]

Finally, in the reporting that is available online, information is not always given in much detail, and many aspects are not presented at all. For example, the company does not explicitly report on a human rights policy, although it is present in some countries with bad records on human rights.

Overall, we can conclude that AES-SONEL is not a best-in-class company in terms of CSR. However, since electricity production in Cameroon is particularly environmentally-friendly—80 percent is based on hydroelectricity—we can rather safely assume AES is a reasonably, but not exceptionally, responsible company.

5. Methodological Issues

In order have an idea of the impact of the privatization, ultimately on the Cameroonian population, we examined how AES-SONEL managers themselves evaluated their own company from the perspective of CSR. To do so, we used a questionnaire developed by the European Centre of Employers and Enterprises providing Public services (CEEP). This organization, established in 1961, is the European Association that represents enterprises and employers' organisations with public participation and enterprises carrying out activities of general economic interest, whatever their legal ownership or status. Recently CEEP has developed a project to promote CSR among its members—basically public agencies or PPPs. One aspect of the project is to identify and label members who are exemplary in terms of their CSR.[14] The evaluation criteria and the questionnaire used to check whether a company deserves the label are online and available to anyone to do a 'quick check' about his or her own company; i.e., an online self-assessment on CSR that gives an idea about the possibility of getting a CEEP CSR label. The questionnaire is, according to the CEEP website, based on other similar questionnaires among which, predictably, is the ISO 26000 questionnaire. This questionnaire seemed particularly appropriate for our project due its focus that is relevant for a PPP, which delivers a public service, particularly one that encompasses more than simply providing services; it has specific relationships with the community, staff, environment and customers. We submitted the questionnaire to thirty managers of AES-SONEL yet only twenty-two completed all fifty-seven questions. To gather further data we conducted three in-depth interviews with AES-SONEL Managers, one Regional Director, a Human Resources Manager, and a person in charge of safety issues. Finally we analyzed internal documents such as the ethics code, safety instruction leaflets, etc.

6. Results

Our questionnaire focuses on the evaluation of the CSR policy by the company's management team. Most of them are former public servants who remember well the old days of the Société Nationale de l'Electricité (SONEL).

The respondents had to evaluate fifty-seven different statements about their company on a 1–5 scale in which 5 stood for 'totally correct,' 4 for 'rather correct,' 3 for 'partially correct,' 2 for 'rather incorrect,' 1 for 'totally incorrect' and 0 for 'not applicable.' The statements were arranged by subject: Corporate governance, Customers, Staff, Economic stakeholders (suppliers, shareholders, partners, subcontractors, and competitors), Local public authorities and other stakeholders (local, consumer and utility associations etc.), Environment as an Ecosystem, International (EU, OECD, and UN) indicators, and, finally, Sector specific questions, in our case, concerning the energy sector.

In general, the AES-SONEL people had a very, we think overly, positive opinion about their company in terms of CSR. Let us consider the main findings we observed on the basis of the questionnaire, organized according to stakeholders, completed and clarified with information gathered during the in-depth interviews.

First of all, a valued aspect of the company's policy concerns the safety of the employees. As the 2006 annual report of AES Corporation mentions explicitly, it is a major goal of the company to have "zero fatalities among AES people and contractors."[15] One person told us that the company, despite this firm commitment, still had to face deadly accidents every year in Cameroon. Surprisingly, the majority of these accidents have nothing to do with electrocution, but with car accidents. Driving a car in Cameroon is notoriously dangerous and AES-SONEL cars are now equipped with a GPS device.[16] In the 'Staff' section, the AES-SONEL people massively grade their company with a 5/5 on statements related to safety.

One finding from the 'Staff' section of the questionnaire came from asking whether there is a 360-degree evaluation system in the company, i.e., managers are evaluating but also evaluated by their subordinates. There is indeed, surprisingly, such an evaluation system within AES-SONEL. However, data gathered from the in-depth interviews made it clear that this is totally new and culturally rather complicated to implement. An explanation could be that this method is in contrast with the former authoritarian bureaucratic management style. In the same vein, to provide more opportunity for employees to express their opinions and to combat harassment, an assistance hotline for AES-SONEL employees has been installed.

People were divided on the question of whether there were enough and adequate training programs. Training programs have been set up for employees, with some participating in international training programs set up in the US. Some Cameroonians have been offered management positions in other AES branches in South America and elsewhere. Nonetheless the responses reviewed from the questionnaire indicated that, at this stage, not enough people have the impression that this is helpful for their career.

Some answers in the 'Staff' section of the questionnaire indicate some weaknesses in the CSR policy of AES-SONEL. There is no proactive policy in favor of more diversity, no clear policy to promote the largely underrepresented group of women within the company, nor measures to integrate persons with a disabilities. A preventive health policy for employees is equally absent.

The AES-SONEL people graded their company very well in the section that focuses on customer relations, for reasons that became clear during the interviews. The most dramatic change since the privatization is undoubtedly the relationships developed with the clients. Respect for the clients has been implemented by different mechanisms. First, a call center has been created where clients can complain about abuses or bad service. Second, AES-SONEL has set up an interactive radio program (on FM 98) during which people can call, ask questions, and criticize AES. The existence of this type of outlet is a shocking experience for Cameroonians who usually powerlessly and routinely undergo the power abuses of the low level managers of public services. Third, unpaid bills do not lead automatically to power cuts. AES implemented new procedures whereby cuts cannot take place without a prior meeting with the client. During this time, a new bill is presented, or revised payment options are proposed. The people we interviewed mentioned the implementation of a compliance program designed to combat the traditional outcomes of the formerly largely corrupted company. Staff are supported through training sessions to learn about clear rules to deal with conflicts of interest or how to better respect clients, etc. Finally, our interviewees showed us the leaflets that had been used to teach safety rules to the customers.

It is interesting to mention that alongside the client-friendly policies set up by AES-SONEL, there are economic measures imposed by the government in the contract with AES-SONEL. Consumers who consume very little electricity, specifically the poorest population among those who have access to electricity (many, probably half, of the Cameroonians still have no electricity at all), i.e., less than 110kWh a month, will pay only 50 FCFA per kWh (which is less than $0.10), and no VAT (value added tax) at all. The general price system is, in order to give an incentive to reduce energy consumption, that the more you consume, the higher the price per kWh. This measure has existed since 1998 but, paradoxically, since the bill system is now better organized and more transparent, it has, according to the managers we discussed with, a higher visibility and is applied more effectively than before the privatization. Totally in line with the difficulty we mentioned in section 3, our interviewees mentioned this price system as an example of 'social' policy of the *company*, which, obviously, it is not.[17]

The evaluations people made about environmental issues were rather incoherent. The most important environmental issue that currently bothers AES-SONEL is related to safety. Used wooden power poles are picked up by the people for cooking everywhere in the country, yet they have been treated with arsenic, which makes their burning extremely dangerous for people's health. AES-SONEL had to take serious preventative measures to stop this practice, notwithstanding the fact that people did not appreciate their refusal to donate the used poles. There are no other serious environmental issues in Cameroon, thanks to the big share of hydroelectricity in the Cameroonian production. The dam on the river Sanaga in Edea brings about an extremely advantageous carbon footprint for AES-SONEL.

A final interesting issue concerns the relationship with local public authorities. The AES-SONEL staff had a positive evaluation about their relationship with the government. However, on April 25, 2010 the Cameroonian newspaper *Germinal* published a long article that discussed a conflict between the regulator ARSEL and AES-SONEL. According to the article, AES had forced a price increase in violation of the contract with ARSEL, despite the disagreement of the Cameroonian government. The article mentioned that the government would force AES-SONEL to reimburse customers. Finally, an agreement was made and the increase of the price was cancelled; however, the government paid a compensation amount of money to AES-SONEL. Our interviewees stated that this story was nothing more than an attempt to create a political buzz. In fact, the price increase had been in alignment with the contract's directives, but the government was keen to increase its popularity by opposing a multinational company in order to defend the Cameroonian consumer. Interestingly, what was absent from the government's explanation was that the taxpayer footed the bill.

The remaining sections resulted in limited data gathered. The respondents were unaware and uninformed about international CSR indicators and consistently graded the statements with 0 ('non applicable'). They had further no idea about an AES-SONEL policy to prioritize business with local SMEs and other economic stakeholders, neither about the screening of suppliers in terms of CSR. The only screening of suppliers there is at this stage, is in terms of safety.

7. Conclusions

This survey of the impact of CSR of a multinational company in a country with a high corruption rate is rather limited. It would be interesting to complement it with a survey among the consumer population. But nevertheless, it has shown which role a responsible company can play in this context. It illustrates how a for-profit company, which is run in a reasonable responsible way—without being the most exemplary company in the world—can, despite initially unfavorable background conditions, have a huge positive impact, and, over time, largely contribute to change mentalities which block economic development. The main contribution is not, as it is misleadingly shown on the AES website, the philanthropic contribution of AES in combating AIDS/HIV, but the way it runs its business.[18] We have no idea of how the initial negotiations between AES and the Cameroonian government have come about, i.e., of whether or not there has been corruption in this deal. Yet, the way in which the company is organizing its relationships with customers and the employees alike strongly contrasts with some common corrupt local practices. The very fact that customers are now allowed to complain and to denounce AES-SONEL employee corruption and abuse, and that these issues are taken seriously and publicly identified, constitutes an important eye-opener. People will gradually become aware that a service company can be run in a 'normal' i.e., non-corrupt way. The CSR policy of AES-SONEL in Cameroon is not spectacular, and, according to standards used in OCDE countries, even wanting in some respects; however, it is far beyond current local standards.

Endnotes

1. Affiliation: EDHEC Business School, Lille, France (GD) and Université catholique d'Afrique Centrale, Yaoundé, Cameroun (HN). The authors would like to thank Dominique Mbarga, Honoré Demenou Tapamo and Kimberley Tomasson for their help.

2. The system has been developed in the 1980s by the British economist Stephen Littlechild, especially in Littlechild 1983.

3. For a severe criticism of the privatization of utilities in Africa see, e.g., Bond 2010.

4. AES acquired 51 percent of SONEL shares, previously the property of the State, which retains 41 percent, while employees have the remaining 5 percent. The contract provides for a twenty-year concession. AES-SONEL (with a turnover of more than CFAF 140 billion and a workforce of 2930 employees) has a monopoly on the generation, transmission, and distribution of electricity in Cameroon.

5. http://www.aes.com/sonel/index?page=home&locale=en.

6. The European Commission's definition of CSR is: "*A concept whereby companies integrate social and environmental concerns in their business operations and*

in their interaction with their stakeholders on a voluntary basis." See http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/index_en.htm.

7. He mentioned this in a speech he gave in Lille on 24 November 2010. (See http://www.worldforum-lille.org/en/les_precedentes_editions/edition_2010_l_entreprise_responsable/le_contenu_des_conferences/conference_d_ouverture_la_voie_de_l_entreprise_responsable.)

8. For historical data about the perception of corruption see the website of Transparency International. For 2001: http://www.transparency.org/policy_research/surveys_indices/cpi/2001

9. http://www.transparency.org/policy_research/surveys_indices/cpi/2010/in_detail#3.

10. SOMO is an independent, non-profit research and network organisation working on social, ecological and economic issues related to sustainable development. Since 1973, the organisation investigates multinational corporations and the consequences of their activities for people and the environment around the world.

11. http://www.fundinguniverse.com/company-histories/AES-Corporation-Company-History.html.

12. This is an illustration of the importance of founder-values in creating an ethical culture. Many other examples can be mentioned. One striking example is described in Demuijnck 2009.

13. http://www.aes.com/aes/index?page=culture_and_values.

14. "*Today, more than ever, citizens are looking for providers of services of general interest that take their social responsibility seriously and can demonstrate their actions. CEEP is determined to help providers of Services of General Interest in Europe demonstrate their own CSR and to actively promote them and their initiative through the CEEP-CSR Label. The Label is a guarantee of responsible behaviour that reassures citizens, public authorities and other stakeholders about the behaviours and attitudes of the companies that they are dealing with.*" Ralf Resch, General Secretary of CEEP (website CEEP, July 2011).

15. AES, "2006 Annual Report" (Arlington, VA: AES Corporation, 2007), 11.

16. Also it is formally forbidden to drive back to a city from a distance longer that 40 km. after 4 pm, because driving is particularly dangerous during the night (dusk is at 6 pm).

17. People did not use the term CSR (or its French equivalent RSE) in the discussions. They rather talked about 'social measures.'

18. For a very similar conclusion in a very similar context see Painter-Morland and Dobie 2009.

References

Abramow, Igor. 2010. "Building Peace in Fragile States—Building Trust is Essential for Effective Public-Private Partnership." *Journal of Business Ethics* 89: 481–494.

Bing Li, and Akintola Akintoye. 2003. "An Overview of Public-Private Partnerships." In *Public-Private Partnerships. Managing Risks and Opportunities*, edited by Akintola Akintoye, Mathias Beck, and Cliff Hardcastle, 3–30. Oxford: Blackwell.

Bond, Patrick. 2010. "Water, Health and the Commodification Debate." *Review of Radical Political Economics* 42(4): 445–464.

Bowie, Norman. 1991. "New Directions in Corporate Social Responsibility." *Business Horizons* 34(4): 56–65.

Demuijnck, Geert. 2009. "From an Implicit Christian Corporate Culture to a Structured Conception of Social Responsibility in a Retail Company. A Case-study in Hermeneutic Ethics." *Journal of Business Ethics* 84: 387–404.

Elster, Jon. 1985. *Sour Grapes. Studies in the Subversion of Rationality*. Cambridge: Cambridge University Press.

Jones, Alan. 2001. "Social Responsibility and the Utilities." *Journal of Business Ethics* 34: 219–229.

Le Ber, Marlene, and Oana Branzei. 2010. "Value Frame Fusion in Cross Sector Interactions." *Journal of Business Ethics* 94 (supplement): 163–195.

Littlechild, Stephen. 1983. *Regulation of British Telecommunications' Profitability: Report to the Secretary of State*. London: Department of Industry, February.

Lund-Thomsen, Peter. 2009. "Assessing the Impact of Public-Private Partnerships in the Global South: The Case of the Kasur Tanneries Pollution Control Project." *Journal of Business Ethics* 90: 57–78.

Painter-Morland, Mollie, and Kris Dobie. 2009. "Ethics and Sustainability Within SMEs1 in Sub-Saharan Africa: Enabling, Constraining and Contaminating Relationships." *African Journal of Business* Ethics 4(2): 7–19.

Pogge, Thomas. 2008. *World Poverty and Human Rights: Cosmopolitan Responsibilities and Reforms*. Cambridge: Polity Press.

Renouard, Cécile. 2007. *La responsabilité éthique des multinationales*. Paris: PUF.

United Nations Commission on Sustainable Development (UNCSD). 2005. "Partnerships for Sustainable Development—Update." Background Paper No. 1. New York: UNCSD.

———. 2006. "Partnerships for Sustainable Development—Report of the Secretary General." Fourteenth Session, 1–12 May 2006." United Nations, New York: UNCSD.

Werhane, Patricia, Scott Kelley, Laura Hartman, and Dennis Moberg. 2009. *Alleviating Poverty Through Profitable Partnerships: Globalization, Markets and Economic Well-Being*. London: Routledge/Taylor & Francis.

Wilde-Ramsing, Joseph, and Tim Steinweg. 2009. "Down to the Wire, The Impact of Transnational Corporations on Sustainable Electricity Provision in Developing Countries: Case studies in Argentina and Peru." Amsterdam: Somo. (Downloadable at somo.nl.)