



Institutional Investors and Corporate Governance Activism in East Africa

Decolonial Reflections

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ABSTRACT

This article examines Institutional Investors and Corporate Governance Activism in East Africa: Decolonial Reflections with a focused emphasis on Benin within the field of Law. It is structured as a commentary on published article that organises the problem, the strongest verified scholarship, and the main analytical implications in a concise publication-ready format.

The paper foregrounds the most relevant institutional, policy, or theoretical dynamics for the African context and closes with a practical conclusion linked to the core argument.

Keywords: *Corporate Governance Activism, East Africa Decolonial, Africa Decolonial Reflections, Institutional Investors, Corporate Governance, Governance Activism*

Article Highlights

- Challenges uncritical transplantation of Anglo-American governance models to East Africa
- Argues for frameworks accounting for local socio-political and historical contexts
- Cautions against regulatory mimicry in Benin and similar jurisdictions
- Highlights need for governance mechanisms that are both effective and contextually legitimate

Core Contribution

Applies a decolonial lens to institutional investor activism in East Africa—a perspective largely absent from mainstream corporate governance literature.

This commentary offers critical reflections for policymakers and regulators in Benin and similar jurisdictions.

Introduction

The burgeoning influence of institutional investors in corporate governance, while a global phenomenon, presents a distinct set of challenges and opportunities when examined through the lens of East Africa and, more specifically, the context of Benin (Dept (Dept. & Dept., 2021). & Dept., 2021)([Loyle et al., 2021](#)). & Dept., 2021)([Loyle et al., 2021](#)). This commentary engages with the critical discourse on institutional investor activism by applying a decolonial framework, arguing that the uncritical importation of Western-centric governance models often overlooks the complex socio-political and historical realities of post-colonial states([Steenmans et al., 2021](#)).

The core problem lies in the potential for such activism to perpetuate neo-colonial dynamics, where external capital dictates governance standards that may be misaligned with local developmental priorities, cultural values, and indigenous systems of accountability([Steenmans et al., 2021](#)). In Benin, a nation with a unique legal heritage blending civil law traditions with persistent informal governance structures, this tension is particularly acute([Verschuuren et al., 2021](#)). The objective of this analysis is to scrutinise how decolonial thought can reframe our understanding of institutional investor influence, moving beyond a simple binary of 'good' versus 'bad' governance to consider whose governance, for what purpose, and on whose terms.

Drawing on interdisciplinary insights, including those on rebel governance([Loyle et al., 2021](#)) and the governance of natural resources([Verschuuren et al., 2021](#)), this commentary will first establish the theoretical and contextual foundations of the problem. It will then proceed to a focused analysis of the Benin case, before exploring the broader implications for legal and policy frameworks in the region, concluding with reflections on a more context-sensitive approach to corporate governance activism.

Analysis and Critique

A decolonial analysis of institutional investor activism in Benin necessitates moving beyond technical compliance checklists to interrogate the underlying power structures and epistemological foundations of imported governance norms([Verschuuren et al., 2021](#)). The prevailing model of shareholder primacy, often championed by foreign institutional investors, can conflict with more communitarian or state-led developmental models prevalent in many African contexts. In Benin, where governance challenges are frequently intertwined with legacies of colonial administration and ongoing struggles against corruption, as noted in similar assessments of regional governance([Dept. & Dept., 2021](#)), the simplistic application of external standards risks being ineffective or even counterproductive.

For instance, demands for board independence and transparency, while ostensibly universal goods, may fail to engage with the reality of 'rebel governance' structures—not in the militant sense, but in the form of powerful informal networks that operate parallel to, or within, formal corporate entities, as discussed by Loyle et al.([2021](#)). These networks, often rooted in ethnic, familial, or political affiliations, constitute a significant layer of corporate reality that external investors frequently misunderstand or ignore.

Consequently, investor activism that focuses solely on formal governance mechanisms may inadvertently strengthen these opaque networks by forcing decision-making further into the shadows, or it may create a façade of compliance that masks persistent inequities. Furthermore, the technological solutions sometimes proposed, such as blockchain for transparency([Steenmans et al., 2021](#)), while

innovative, must be critically assessed for their cultural fit and potential to centralise power in new, externally controlled technocratic elites. Thus, a critique from Benin's vantage point reveals that the primary issue is not a lack of governance per se, but a clash between competing, historically situated systems of authority and accountability.

Broader Implications

The implications of this decolonial critique extend far beyond the boardrooms of Cotonou, challenging fundamental assumptions within international investment law, corporate law, and development policy (Loyle et al., 2021). For Benin and similar jurisdictions, the analysis suggests that the wholesale adoption of investor-driven governance codes may undermine national sovereignty and the capacity for endogenous legal development. A more fruitful approach would involve re-conceptualising institutional investors not as external arbiters of governance quality, but as participants in a pluralistic governance ecosystem.

This requires legal frameworks that can accommodate and legitimise hybrid forms of governance, blending international standards with locally resonant practices. Insights from the governance of protected areas, where the cultural and spiritual significance of nature must be integrated into management plans (Verschuuren et al., 2021), offer a parallel: corporate governance, too, must make space for the cultural and social significance of business entities within their communities. The broader implication is a call for a reflexive turn in corporate governance scholarship and practice.

It necessitates that institutional investors and the legal advisors who counsel them engage in what might be termed 'governance due diligence'—a deep, contextual understanding of the historical power dynamics, such as those analysed in regional governance reports (Dept. & Dept., 2021), and the informal institutions that shape corporate behaviour in specific locales like Benin. This shift would move activism away from a standardised, compliance-based model towards a more dialogic and adaptive practice. It also implies a re-evaluation of fiduciary duties, potentially expanding the scope of investor responsibility to include considerations of long-term social cohesion and equitable development, rather than a narrow focus on short-term financial returns enforced through mechanistic governance prescriptions.

Conclusion

In conclusion, a decolonial reflection on institutional investor activism in the East African context, with a focus on Benin, reveals that the central challenge is epistemological and political, not merely technical (Steenmans et al., 2021). The primary question is not whether institutional investors should engage in corporate governance, but how that engagement can be reconfigured to avoid neo-colonial patterns and instead support contextually legitimate and effective governance. This commentary has contributed by applying a decolonial lens to expose the limitations of imported governance templates and by arguing for the recognition of complex, hybrid governance realities that characterise many post-colonial corporate landscapes.

The most practical implication for Benin is the urgent need for its legal scholars, policymakers, and business leaders to critically assess and selectively adapt international governance norms, crafting a distinctive corporate governance architecture that serves national developmental objectives and reflects

local socio-cultural realities. This may involve formalising certain aspects of currently informal accountability networks or developing new metrics for corporate success that are valued by local communities. As a next step, further empirical research is warranted to map the specific points of friction and synergy between institutional investor expectations and Benin's indigenous corporate practices.

Such research, perhaps drawing methodological inspiration from studies of non-state governance (Loyle et al., 2021), should aim to co-produce, with local stakeholders, a set of principles for 'contextually intelligent' investor activism that respects sovereignty while promoting genuine accountability and sustainable growth.

Contributions

This commentary makes a distinct scholarly contribution by applying a decolonial lens to the analysis of institutional investor activism in East Africa, a perspective largely absent from mainstream corporate governance literature. It challenges the uncritical transplantation of Anglo-American governance models, arguing for frameworks that account for local socio-political and historical contexts.

Practically, it offers critical reflections for policymakers and regulators in Benin and similar jurisdictions, cautioning against regulatory mimicry and highlighting the need for governance mechanisms that are both effective and contextually legitimate. The analysis thus reframes the debate from one of technical compliance to one of institutional appropriateness and post-colonial agency.

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