

Corporate social responsibility and Nigerian business environment: A case of telecommunication industry

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Abstract

The study examines the concept of Corporate Social Responsibility (CSR) that is, how companies manage the business processes to produce an overall positive impact on society. The study observed that since the emergence of CSR in Nigeria, CSR is still at the discretion of the companies as there is no national law in the area of CSR. The study also observed that none of the International Corporate Responsibility Instrument, such as, the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises; United Nations (UN) Global Compact and the 1998 ILO Declaration on Fundamental Principles and Rights at Works has been domesticated in Nigeria. The paper concluded that Nigerian government should provide a legal framework within which companies can effectively meet their obligations.

Keywords: Corporate, Social Responsibilities, impact, Business Environment, Telecommunications industry and MNCs

Introduction

Business is essential for the development and wellbeing of a society. However, business does not exist in a vacuum, but is simultaneously dependent on a number of stakeholders, be it employees, customers, investors, interest groups, community, or the government. An extensive and critical debate about the role and conduct of business, and their associated corporate social responsibilities in the community, is taking place among academics and practitioners alike (Aras & Crowther, 2007). It is essential to consider that the practices of corporations are first and foremost resulting from decisions and behaviours of human beings.

Today, companies permanently need to implement solutions aimed at generating competitive advantage that allow them to survive and be successful in ever changing and demanding markets (Smith, 2007). Therefore, to focus on customers and community is a common denominator for organizations, aiming to meet their needs and satisfy their expectations (Wood & Logsdon, 2008). In this context, society has become one of the players as one of the actors that highly influence corporate behaviour. Communities have expressed more mistrust of corporations' because of various scandals. This has put business ethics in the spot light influencing companies to be good corporate citizens, respecting the law but also to create good social values and principles. Today, the level of demand goes beyond the direct impact of the organizations business to also incorporate how corporations can contribute to societal and environmental causes. For corporations, these activities are manifested through the concept of Corporate Social Responsibility (CSR).

Corporate social responsibility connotes the commitment of companies towards encouraging community growth and development and voluntarily eliminating practices that are not in accordance with public interest. It is thus the deliberate inclusion of public interest into corporate decision making and the honouring of a triple bottom line: People, planet and profit.

It is believed that if corporations or businesses establish an understanding with host community where such businesses are located, an understanding anchored on the protection of the people from the adverse effects or impact of its activities; it will go a long way in addressing the violent and conflictual relationship that do sometimes exist. (Ejumudo, Edo, Avweromre, and Sagay, 2012) [6]

Corporate Social Responsibility (CSR) is about the contribution a company makes to society through its core business activities, its social investment and philanthropy programmes (Ojumu, 2007) [16]. According to Ango (2012) [3] "Business is a component of the society, as such, it must subject itself to the fair requirements of the society, for, their relationship is paramount and reciprocal (the business needs the society just as the society needs the business)".

Peter (2004) [7] argues that business organisations should act in a socially responsible manner for two self-evident reasons: one philosophic and the other pragmatic.

In Nigeria context, many organizations implemented CSR as a mere superficial window-dressing. It is widely believed by many that CSR efforts are mere campaigns by organizations to promote corporate brands (Osemene, 2012) [20]. Many Nigerians are ignorant of CSR; hence, whenever an organization does something 'supposedly big' for the society, such a company and its management are eulogized for being caring and philanthropic (Fombrun, 2005) [9]. According to Osemene (2012) [20] many organizations in Nigeria are driven by the need to make more and more profits to the detriment of all the stakeholders, while some do not adequately respond to the needs of host communities, employees' welfare, environmental protection and community development. Research has shown that CSR can increase profitability, sustainability, integrity and reputation of any business that includes it in its policy. Adegboye and Taiwo, (2011) [1] discovered that the activities of civil society organizations in recent years have contributed to the pressure on corporate

bodies to be more responsive in giving back to the society and the environment.

Conceptual Framework

The term *multinational corporation* (MNC) can be defined and described from differing perspectives and on a number of various levels, including law, sociology, history, and strategy as well as from the perspectives of business ethics and society. Hashimu and Ango (2012) [10] defines Multinational Enterprise as any business that has productive activities in two or more countries. Certain characteristics of Multinational Corporations should be identified at the start since they serve, in part, as their defining features (Frances, 2008) [8]. Often referred to as “multinational enterprises,” and in some early documents of the United Nations they are called “transnational organizations,” Multinational Corporations are usually very large corporate entities that while having their base of operations in one nation—the “ho me nation”—carry out and conduct business in at least one other, but usually many nations, in what are called the “host nations.” Multinational Corporations are usually very large entities having a global presence and reach (Kim, 2000) [12].

Multinational corporations (MNCs) can spur economic activities in developing countries and provide an opportunity to improve the qualities of life, economic growth, and regional and global commons (Litvin, 2002). At the same time, they are often also accused of destructive activities such as damaging the environment, complicity in human rights abuses, and involvement in corruption.

Whether these accusations are fair or not, many MNCs are now attempting to manage these complex set of issues in the host countries by implementing corporate social responsibility (CSR) strategies because such issues may risk the success of their operations. However, CSR can be an ambiguous tactic because it is often unclear what a corporation can and cannot be held responsible for, particularly when weak governance and institutions are involved.

On the other hand, corporate social responsibility is defined as a social concept that highlights the importance attached to the need to bridge the expectation gaps of the major stakeholders in the affairs of an entity whether natural or artificial. The bridging of the gap as an obligation is based on the performance of activities that create and sustain a balance between the economy and the ecosystem –Wikipedia (2010) [22].

Corporate social responsibility in the assertion of Holme and Walt (2001) is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce, and their family as well as the local community and the society at large. It is anchored on the philosophy that businesses as natural or artificial persons should take decisions that are considered in deed to be in the interest and benefit of a large number of people hence have respect for the fundamental rights of the public of the organization.

Businesses in Nigeria especially those in the petroleum industry are expected to identify variables for integration into their operations for the purpose of bridging the expectation gaps common among shareholders and the general public (society) inclusive of consumers. Based on this, balance is maintained between the economy and the ecosystem, thus economic development objectives of the nation are actualized.

A well-articulated corporate social responsibility programme should impact on the management of workforce and production process as internal variables, qualitatively and on the society; the ecosystem as external variable, quantitatively. (Okoh and Agbonifoh, 2014) [18]

Factors Influencing Involvement in Corporate Social Responsibility

Since the emergence of CSR in Nigeria, there is no law put in place by Nigeria Government in the area of Corporate Social Responsibility. CSR is still at the discretion of the companies.

None of the International Corporate Social Responsibility Instrument, such as, the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, United Nation (UN) Global Compact³⁸ and the 1998 ILO Declaration on Fundamental Principles and Rights at Works has been domesticated in Nigeria. (Ijaiya, 2014) [11].

It is the responsibility of government to ensure that adequate regulatory and enforcement framework exists which ensures that companies carryout their operations in an environmentally responsible manner and in the event of non-compliance, that the laws are enforced in this respect, the Nigerian government has failed in its social responsibility to its citizens. There is still no comprehensive law regulating the environmental impacts of the oil sector, and provisions in the various oil industry and environment laws are weak and sometimes in conflict.

Despite government’s promises to prosecute companies for environmental violation, there is no law to ensure strict compliance. The two main proposed bills i.e. Environmental Laws – The Response, Compensation, and Liability for Environmental Damage (RECLEL) Bill, and the Nigerian Environmental Bill – are yet to see the light of day.

The Constitution of the Federal Republic of Nigeria, 1999 which is the supreme law of the land made provision under Chapter 11 – Fundamental Objectives and Directive Principles of State Policy in Section 20 that the State shall protect and improve the environment and safeguard the water, air and land, forest and wildlife in Nigeria. Sections 43-44 of the same law provides for the right to acquire and own immovable property in Nigeria and the right to prompt compensation if the property is acquired compulsorily. However, in spite of the protection given by Sections 20, 43 and 44 to the environment in Nigeria, the sections are not actionable in the Nigerian Courts.

Business organizations are established to produce goods and service that society wants and needs. Windsor (2001) [23] agreed that social responsibility is achieved when the corporation conforms to the prevailing norms and expectations of social performance in a given society. Business organization only contributes fully to a society if it is highly efficient, highly profitable and has socially responsible agendas (Coldwell, 2001). Demands for corporate social responsibility (CSR) come from external stakeholders, such as communities and societies with general expectations or governments with explicit requirements of social legitimacy (Wood, 1991) [24]. Some of corporate social responsibility (CSR) demands come from internal stakeholders, such as moral and relational needs of employees (Aguilera, Williams, Conley, & Rupp, 2006) [2]. Osemene, (2012) [20] discovered that demands for corporate social responsibility come from competitors, customers, pressure group, service quality and legal requirements. While Onwuegbuchi (2009) [19] agreed that demands for corporate

social responsibility come from host community, legal requirement, competitors and ethics of the firm or organizations. Moreover, scholars (Maignan & Ralston, 2002)^[14] have claimed that the inclination toward socially responsible corporate behaviour differs across countries and much more research is needed to recognize why.

Benefits of Incorporating Corporate Social Responsibility to an Organisation

Osemene, (2012)^[20] identified benefits that may accrue to any organization that incorporates CSR. Some of these are increased brand value; greater access to finance; a healthier and safer workplace; stronger risk management and corporate governance; motivated people and community; customer loyalty; enhanced confidence and trust of stakeholders; an enhanced public image and economic success. He went further to say that any organization that incorporates CSR as a core business is not doing any special favour to the society but is indirectly creating more avenues for a greater growth, success and profitability for its business. Reputational damage may occur for failure to incorporate CSR. Elizaveta (2010)^[7] claimed that CSR business attracts the best workers and bring more customers to any organization. Diffey (2007)^[5] also believed that consumers prefer to patronize who are alive to CSR practices. The finding of Mirfazli (2008)^[15] is line with other researchers who discovered in his research that failure to carry out social responsibilities will cause more harm to a business than any good. He went further to say that ethical responsibilities do attract and retain the best workers in an organization.

Challenges Facing Corporate Social Responsibility Practice in Nigeria

Recommendations

Based on the reliable findings of the research, the following recommendations are proffered:

- 1 There should be interactive sessions on regular basis between the Multinational companies and their customers to deliberate on issues that will enhance understanding and harmonious business relationship especially on moral and ethical ground. Such interactions would impact positively on the corporate social performance of the companies thereby improving transparent business transactions.
- 2 The Companies should fully integrate themselves with the host communities; this can be realized through performing their social responsibilities adequately and to the best of their abilities. The need for harmonious relation between the companies and host communities is absolutely inevitable for smooth business operations and reciprocation of gesture.
- 3 Representative of all stakeholders (employees, customers, society, government etc) should be appointed as members of the Board of Directors of the companies, for direct representation and participation in the decision making process of the companies.
- 4 The Companies should subject themselves to the dos and don'ts of their host communities, and see to the consistent growth and development, and wellbeing of these communities while doing their business operations and recording stable profit as well.
- 5 Government should set up functional mechanism that will constantly check the state of customers' and community

management by Multinational Companies in Nigeria. Equally, the publication of top ethical/social responsible Companies by a government institution charged with the responsibility should be done annually.

- 6 The Government should facilitate the process of passage of the Response, Compensation, and Liability for Environmental Damage (RECLEED) Bill, the Nigerian Environmental Bill and the Petroleum Industry Bill by the legislative arms of the government, the National Assembly, into law. The bills if eventually made law would no doubt stimulate CSR in Nigeria.
- 7 Efforts should be made on the part of the government to domesticate the provisions of the International Corporate Responsibility Instrument, i.e. the Organization for Economic Cooperation and Development (OECD), Guidelines for Multinational Enterprises; the United Nation (UN) Global Compact and the 1998 ILO Declaration on Fundamental Principles and Rights at Works.

Conclusion

The situation in the Nigerian business environment indicates a variance between practice and implementation of the components of CSR, it is not only companies that have abandoned their responsibilities as governments too have failed in its responsibility to provide a legal framework within which companies can effectively meet their obligations or be made to do so.

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