Corporate social responsibility in Nigeria: a review of multinationals activities

Nelson Abila
PhD Student
Industrial Management Unit, University of Vaasa
P.O. Box 700, 65101 Vaasa, Finland
Tel: +358 44 5444 762, Email: nelson.abila@uwasa.fi

ABSTRACT

Corporate social responsibility definition, understanding, theories, practices and implementation vary from jurisdiction to jurisdiction. These variations across countries are evidenced in the content and character of the various CSR activities going on in different countries. These variations are accounted for partly by the context, culture, conditions, laws and other factors that are peculiar from country to country. In Nigeria the practices and activities of multinational and other business corporations have embedded unique variations of CSR understandings and activities, diverse categorizations of stakeholders, communication channels and underpinning purposes of companies CSR-stakeholders engagements. This paper evaluates the broad spectrum of CSR activities by multinationals and business corporations in Nigeria to be able to provide a deeper understanding of CSR from the Nigeria business space encompassing multinationals and other business corporations operating in Nigeria. This paper which employed a purposive sampling approach for respondent selection attempted to classify the multinationals and other large business corporations in Nigeria across the oil and gas, banking, construction, telecommunication, service and manufacturing sectors. The paper further assesses the significance of the categorization of the companies across sectors on their characterization and implementation of the various CSR initiatives and general perspective on CSR. The paper gauges the sustainability of various CSR initiatives and contribution to sustainable development in Nigeria. The paper makes recommendation for providing legislative and policy frameworks for mainstreaming CSR activities of companies operating in Nigeria within the overall sustainable development goal of the country.

1. **Introduction**

Corporate social responsibility (CSR) programs contribute to attaining socio-economic, environmental and sustainable development all around the world. CSR related contributions to solving economic, environmental, social problems and development concern are on the increase, particularly as companies and business entities realize the need to give back and in most cases reverse the negative impacts of their business activities on the environment, larger economy and indeed other stakeholders. Though arguments abound on the need and necessity of companies to put in place CSR programs in their operational region, localities, country or larger economy, the multinational and business corporations operating in Nigeria are increasingly adopting CSR as an important aspect of their business operations. This is leading to increase variation in the concepts and practices of CSR in Nigeria. Many have expressed the doubt on the sincerity or the genuineness of the CSR of companies operating in Nigeria. (Akpan, 2006; Amaechi et. al., 2006).

A wide of diversification of companies and multinationals operate within the Nigeria business space and are into the various sectors including manufacturing, telecommunication, banking, finance and insurance, oil and gas, transportation, service, construction, mining among others. As diverse as the operations of the multinational companies are in Nigeria, so is the diversity of the respective CSR activities across the various sector, operational regions, culture and governance levels. These variations touch on the definition, understanding, theories, practices and implementation of CSR as a concept and in practices.

Amaechi et. al. (2006) observed that the indigenous companies in Nigeria perceive and practice CSR as corporate philanthropy spurred by the need to contribute to solving the many socio-economic development problems facing the country. This perception and understanding of CSR relate to indigenous companies, particularly banks. A variation in perception in perception and understanding is expected in the CSR operation of other companies operating in other sectors and diverse geopolitical zones of Nigeria. These variations which Amaechi et al. (2006) posited as being socio-cultural embedded are expected as the diversity of culture, geographical locations, operational sector among others are expected to impose a variation in stakeholders and operational community influenced by their diverse and peculiar socio-cultural realities.

The variation in definitions, concepts, theories and practices of CSR have been advanced by various authors including Mele (2008), Garriga and Mele (2004), Chapple and Moon (2005), Fig (2005) and Hamann et. al., (2005). Garriga and Mele (2004) consider CSR as focusing on four different aspect of the social reality namely: economics, politics, social integration and ethics. In this sequence, the first (economics) sees the corporation as a mere instrument for wealth creation, the second (politics) focuses on social power of the corporation and its responsibility in the political arena based on its power. The third (social integration) see the corporation playing a role of integrating social demands. Finally, the fourth (ethics) expects that the relationship between the corporation and the society (including all stakeholders) be embedded with ethical values. The four theories above are expounded and translated into the following four general theories by Melé (2008).

Corporate Social Performance (CSP)

This theory sees the need for organizational operations and structure to comply with principles of social responsibility; responding to social requirements, policies, programs and producing tangible results that reflect the company's relations with the society (Wood, 1991). Mele (2008) explained that business, apart from wealth creation also has responsibility for social problems which are created by it operations or other causes beyond its economic and legal responsibilities. This definition includes ethical requirements as well as discretionary or philanthropic gestures carried out in favor of the society. This theory reduces the risks to which the company will be vulnerable if it performance are contrary to expectations of it social environment (Davis, 1975).

Shareholder Value Theory (SVT)

This theory emphasize that the purpose of the company is wealth creation or making profit and in this case for its shareholder or owners of the business. It holds that the social responsibility of the business is making profit and as a supreme goal increasing the economic value of the investment of shareholders (Melé, 2008). This theory emanates from economics and promotes the goals of profit maximization. The core of this theory can be viewed in the ethical responsibility of the company in making judicious use of shareholders' investment and ensures there is a return.

Stakeholder Theory

The stakeholder theory relates to the broad definition of stakeholders, as those who benefit from or are harmed by operations of the company. This theory imposes on the company an obligation to constituent groups in the society other than it shareholders or investors far beyond legal stipulations (Jones, 1980). This theory is highly contested by

many who do not see the commitment to general stakeholders such as suppliers, community, employees, customers and financiers as CSR.

Corporate Citizenship (CC)

According to Carroll (1991), to be a good citizen includes actively engaging in acts or programs to promote human welfare or goodwill. Mele (2008) expounding of this theory includes corporate philanthropy which reflects global society's expectations from a company social provision that are not mandated by law or base on expected business ethics. Corporate citizenship transcends civic commitment, pursuance of family, ethnic or national identity or cause. In the broader sense, CC includes philanthropic responsibility that reflects internationally accepted social commitment.

This paper assess the broad spectrum of CSR activities to provide a better understanding of CSR concept, definition, theories and practices of multinational companies and business organizations operating in Nigeria. This paper which is based on the analysis of the CSR programs and initiatives of purposively sampled companies in Nigeria does not draw a firm conclusion, but leaves room for further exploration as the adoption and practice of CSR gain deeper grounds in Nigeria.

2. Study Area and Methodology

This paper is based on the review of CSR activities of multinationals and other larger business organisations operating in Nigeria. Nigeria is a country with a population of over 150 million inhabitants. The country's gross domestic product per capita is estimated to be 1,142 US dollars. The major sectors of the country include the oil and gas production, manufacturing, telecommunication and agriculture.

This study employed a purposive sampling approach for selection major companies with each sector of the Nigerian economy. Information on the CSR and related activities of sampled companies were elicited using a structured framework for collating information from their respective websites and other information sources such as companies' annual reports. Other useful source of information for the study includes report from previous CSR study focusing on various companies in Nigeria. The companies were grouped according to their nature of operations and relevance within the sector. A total of five companies were selected for the following sectors namely: oil and gas, manufacturing, telecommunication, service, banking and construction.

3. CSR Activities and Thematic Categorisation

The scope of CSR engagement in Nigeria is wide but a few crosscutting themes are prevalent across the sectors of the economy assessed. Table 1 shows the various specific CSR activities, themes and targeted stakeholders. Educational development, health promotion, social/youth development and environmental sustainability are very common themes in CSR engagement across the sectors assessed. CSR activities are targeted towards a wide range of stakeholders, but the larger society featured in nearly all the CSR themes. A non prevalent theme is the governance and anti-corruption which include activities such as whistle blowing and fraud reporting, social responsibility reporting and sustainability or safety reporting. The environmental sustainability theme including activities which are far beyond the compliance to global sustainable operational standards but investment into the environmental space and promoting environmental best practices..

Table 1: CSR Activities, Thematic Categorisation and Targeted Stakeholders

Specific CSR Activities	CSR Themes	Targeted Stakeholders
Science Laboratory Construction and equipping Scholarship for indigent student Donation of Computer Free professional training/skills acquisition Funding scholarly competitions Funding research Teacher training and skills acquisition Construction of hostels Construction of school libraries Donation of books	**Educational Development**	Shareholders Customers/Consumers Government Media Civil Society Larger Society Operational Community Staff
Donation of food, funds or materials to the less privileged Donations to orphanages Community disaster relief	**Philanthropy (donations)**	Larger Society Operational community Media/Civil Society
Construction of clinics Equipping clinics and hospital Water and other infrastructure for hospitals Renovations of old health facilities Upgrading medical services Training and campaign on HIV/AIDS Safety regulation and reporting	**Health Promotion**	Larger Society Operational community Staff Government Customers/Consumers
Campaign on sanitation & hygiene Building and donating community resources centres Leadership training programs Contribution to security and crime fighting Career counselling /Adult literacy Promoting intellectual discourse Promotion of Financial Literacy Construction of ICT Centres or town halls Talent hunting and development	**Social/Youth Development**	Larger Society Operational Community Shareholders Staff Government Media
Donations to conservation groups Seminars on environmental conservation Utilization of eco-friendly materials Landscaping of cities, beautification of parts and roads Sponsorship of world habitat day celebration Urban and Municipal Development (street directional signage) Providing Solar and alternative energy facilities Waste management Improving energy efficiency at plants Construction of public toilets Land rehabilitations	**Environmental Sustainability**	Larger Society Operational Community The environment Media/Civil Society Government
Free Audit and accounting services	**Free services**	Civil Society Media
Financing tournament Purchasing and donating sport equipments and materials Construction sport centres and facilities	**Sport Development**	Government Larger Society Media/Civil Society
Microfinance credit provision Livelihood based Capacity and tool acquisition Donation of tractors and agric equipment	**Economic Empowerment**	Larger Community Operational Community Government
Whistle blowing and fraud reporting Social Responsibility Reporting Sustainability Reporting	**Governance & Anti-Corruption**	Larger society Government Shareholders
Sponsorship of cultural events and festivals Promotion of tourism initiatives	**Promotion of Culture**	Larger society Media/Civil Society

4. Corporate Value and CSR Focus

The various multinationals companies sampled in the study have corporate values which are derived from their respective corporate cultures, visions and missions. These values tended to be uniform within sectors. Table 2 shows the common corporate values and the respective CSR themes across the sectors sampled. The expectation that corporate values will be an important determinant of the various CSR engagement themes by the companies is inconclusive as it is generally difficult to establish the direct or indirect link between common corporate values and the respective CSR themes. The pattern of CSR engagement themes which featured in virtually all sectors leave room for debate on the true motive for investing resources into CSR activities. The highly level of implementation of CSR initiatives by companies in some sectors is an evidence of their acceptance of the need for high publicity and ensuring positive public opinion.

Though majority of the companies operating in the various sectors have all adopted CSR engagement as part of the corporate operations, most companies operating in the construction sector with allied services such as mining have little or no CSR engagement in Nigeria. Two companies within the construction sector with CSR activities reported on their respective website are mainly on staff safety and educational development. The lack or low level of CSR engagement by companies in the construction sector can be ascribed to their clientele who are mainly government or other corporate entities. There is a variation in the definition of CSR engagements by companies in the sectors assessed. Terms for describing CSR include community involvement, corporate citizenship and sustainability.

Table 2: Corporate Values and CSR Themes across Sectors

Sector	Corporate values	CSR Themes
Manufacturing	Profitability	Youth Development
	Respect for People	Educational Development
	Environmental Concern	Social Reporting
	Staff safety	Environmental Sustainability
	Global reach	Sports Development
	Partnership	Social empowerment
	Business integrity	Economic Empowerment
Oil and Gas		Philanthropy (donations)
	Customer satisfaction	Sports Development
	Respect for employees	Environmental Sustainability
	Integrity	Health Promotion
	Professionalism	Educational Development
	Team work	Economic Empowerment
		Social empowerment
		Social Reporting
Telecommunication		Educational Development
	Innovation	Health Promotion
	Customers satisfaction	Sports Development
	Leadership	Environmental Sustainability
	Learning	Economic Empowerment
	Self improvement	Social empowerment
		Promotion of culture
Construction	Partnership	Health Promotion
	Innovation	Educational Development
Banking	Leadership	Anti-Corruption (whistle blowing)
	Innovation	Education Development
	Simplicity	Youth Development
	Professionalism	Sports Development
	Service	Economic Empowerment
	Friendliness	Promotion of Culture
	Trustworthiness	Environmental Sustainability
	Social responsibility	Social Development
		Health Promotion
Services	Excellence	Philanthropy (donations)
	Leadership	Educational Development
	Teamwork	Health Promotion
		Free services

5. CSR Management and Funding

CSR activities implementations in most companies are carried out by a CSR implementation committee; constituted board. The committee names vary from company to company. Mumba (2009) reported a variation in terminologies for describing companies CSR committees to include ethic committee, public policy, and public interest among others. In Nigeria, there are two distinct CSR management styles existing and operated by multinational and business organizations. The group in the first categories

manage their CSR program by creating an incorporated not-for-profit non-governmental organizations through which percentage of their profit before or after tax are channelled towards the company's core CSR areas. Some of these paralleled organizations carry out philanthropy, sport development, education development and infrastructure development projects on behalf of the parent organization whose direct contribution to such social or education project will be seen as directly or indirectly boosting the public image of the parent company. From the study, three companies in the banking, telecommunication and manufacturing have separate corporate entity and non-for-profit foundation for managing their CSR activities. The foundations are managed by a team and a constituted board of trustees. The other management style is where companies set up CSR committee sited within their main organizational structure with a responsible desk officer who report to the chief executive who in turn report to the company management board.

Two main funding for CSR activities are identified. The most common is the dedication of a specified percentage of annual profit towards implementing CSR activities. The percentage of annual profit committed to CSR activities vary from company to company and may vary from year to year depending on the financial performance of company in the proceeding year. Other companies, particularly service companies who provide auditing, accounting and other form of services raise funds from outside the company for financing their CSR activities. Partnership also exist between different companies in implementing CSR activities particularly activities within sport development CSR theme.

6. Factors influencing the CSR engagements in Nigeria

Panapanaan (2006) explained that there is a general positive influence of the Finnish culture on CSR. In Nigeria, the cultural outlook across the regions influence and also

dictate the type of CSR operations and programs undertaken. In siting CSR project, organizations act sensitive to existing culture to ensure CSR initiatives are able to achieved the required impact and derive expected goodwill and positive public opinion. The societal cultures are explained by the variation in majority religion between the mainly Christian south and the mainly Moslem North. Some general CSR themes are implemented by various companies that cut across different cultural, religious geographical delineations. Themes such as education development and sport development are not location specific but economic empowerment is mainly implemented in rural areas.

7. Policy and Legal Frameworks for CSR activities in Nigeria

Though the democratic process in Nigeria has been running for only about a decade, there has been an attempt to put in place an Act which will regulate companies CSR activities in Nigeria. This proposed legislation, which had passed second reading at the upper chamber of the Nigeria national assembly proposed among others the need to compel companies operating in Nigeria to set aside 3.5 percent of their annual profit for CSR for the purpose contributing to infrastructure development in Nigeria. This proposed law generated a mixture of responses from the public and the companies operating in Nigeria. Though the reactions and responses from companies were not forthcoming initially, which shows companies did not show concern early as the bill was undergoing drafting and presentation, the there was a sudden reaction when the bill had already advanced at the national assembly. The coalitions of companies including Nigerian Employers Consultative Association (NECA) are putting up a strong opposition to the proposed bill (Uba, 2009). Morgan (2009) sees the proposed legislation as both positive and negative in terms of the attempt by the government to solve the myriads of socio-economic problems

in Nigeria by expanding the revenue source for contributing to infrastructure development fiscal vote. Amao (2008) had earlier advocated for the drafting, enactment and implementation of law for regulating CSR activities particularly by the multinational corporations (MNCs) in Nigeria.

Though there abound arguments in support of or against the need for a legal framework for regulating CSR activities in Nigeria, there is obviously the need ensure the compliance to the ideal definition of CSR as not activities carried out under obligation but voluntarily. The proposed legislation pending at the national assembly and keenly monitored by companies who are against the enactment made obligatory propositions rather than put in place basic framework for CSR activities in Nigeria. The bill will fare better and will be more accepted by the companies including the MNCs if it only provides some regulatory frameworks for ensuring compliance to best practices in terms of CSR activities and ensuring that CSR in Nigeria is not rhetoric but true responsibility. The proposed legislation is necessary to ensure sincerity and compliance to standard while voluntarily implementing CSR activities. The legislation is crucial to take CSR activities in Nigeria beyond mere rhetoric (Akpan, 2006).

The proposed bill will be adding to already existing list of laws in Nigeria which makes obligatory the payment of a percentage of annual profit to government as taxes or levies. Companies currently pay withholding taxes; value added tax, stamp duties, education tax, import and export duties, and other state level taxes in Nigeria. The existing regulatory framework for CSR activities by companies in Nigeria include the Company and Allied Matters Act 1990 which provides for compliance with reporting obligation to stakeholders including shareholders, the government through the agency enforcing the act

and the public. Compliance to this framework is a criteria for registration and renewable of operating license for companies, business organisation, unions and association, non-for-profit organisations or any other legal entity operating in Nigeria.

8. Conclusion

The definition, understanding, theories, practices and implementation of CSR activities by the multinational companies and business organisation in Nigeria is diverse with no specific established pattern by companies operating within the similar sectors. CSR activities are on the increase in Nigeria with many MNCs implementing more than one CSR themes which sometimes do not tally with their organisation corporate values. CSR by MNCs in Nigeria are mainly skewed towards corporate philanthropy. A few companies see social responsibility reporting as a key aspect of CSR and produce yearly social responsibility or sustainability report. There is a variation in the terminologies for CSR in Nigeria. Terms such as corporate citizenship, community involvement, and sustainability are common terms use for denoting CSR. The need to maintain a good public image and opinion accounts for the multiple involvements in CSR activities and themes. The CSR activities are implemented and seen as social investment for promoting sustainable development in Nigeria. Though the proposed framework for regulating CSR related activities is still stalled at the national assembly, there is definitely a need for putting in place a legislative or policy framework for mainstreaming CSR activities of companies operating in Nigeria. The framework must provide clearer definition of what constitute CSR activity and mode of implementing them while still maintaining the original voluntary status of CSR engagements.

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