EVOLUTION OF CORPORATE SOCIAL RESPONSIBILITY IN NIGERIA

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Abstract

The paper reviewed the evolution of Corporate Social Responsibility in Nigeria. It noted that even before the 'Western organized' CSR was imported into the country through the multinational corporations, a primordial form of it existed in the country. Some companies in Nigeria engaged in CSR in various forms. However, the reporting methodology of these companies did not comply with Global Reporting Initiative. The paper concluded that while desire for consumer protection, fair trade especially in multinational operations, consumer and civil society pressures are at the centre of Western CSR, philanthropic motives, desire to create improved brand value and avert the wrath of host communities drive the concept in Nigeria. The paper recommended among other things, that companies should be made to appreciate, through advocacy campaigns, that investment in CSR is a more permanent form of advertisement in the consciences of the citizens. CSR therefore, projects corporations and their products/services in a more lasting form to communities and the society at large.

INTRODUCTION

Before the twentieth century, a traditional view of the corporation suggested that its primary, if not sole, responsibility was to its owners, or stockholders. During the industrial revolution, large organizations, especially in Europe and United States of America, developed and acquired great wealth, and their founders and owners joined the richest and most powerful men in the world. Many of these individuals believed in and practiced a philosophy that was known as "Social Darwinism" which in simple form is the application of natural selection and survival of the fittest to business and social policy. This type of philosophy justified cut-throat, even brutal, competitive strategies and did not allow for much concern about the impact of the successful corporation on employees, the community, or the larger society (Encyclopedia of Business). Although, many of the company-powered tycoons were overt philanthropists, their charity was done as individuals, not as representatives of their companies.

In fact, while many of them were giving away huge sums of their acquired wealth, the companies that made them rich had various forms of exploitative policies against their workers.

The Encyclopedia states that this continued until the early part of twentieth century when a backlash against the large corporations began to gather momentum. They were accused of being too powerful and for practising antisocial and anti-competitive ideologies. Consequently, laws and regulations, such as the Sherman Antitrust Act were put in place to protect employees, consumers, and society at large. Later, two groups, the 'social gospel' group and the labour movement joined the crusade; advocated for greater attention to the working class and the poor; and social receptiveness on the part of business respectively. Between 1900 and 1960, the business world gradually began to accept additional responsibilities other than making profits and obeying their statutes. It is the totality of these additional responsibilities by business entities that is captured by the expression corporate social responsibility (CSR), also called corporate conscience, corporate citizenship, social performance, sustainable responsible business / responsible business (Wood, 1991).

This marked the genesis of western 'organised' corporate social responsibility. From that time till now, the concept of western CSR has undergone several modifications in content, value and nature of its drivers. Presently, the western CSR is essentially driven by the desire for consumer protection, fair trade especially in multinational operations, consumer and civil society pressures, climate change concerns, social responsible investments (Amaeshi, Adi, Ogbechie and Amao, 2006).

In Nigeria, the foreign compelling pressures to engage in CSR by companies are almost absent. For instance, few indigenous firms have multinational operations and less than 20 percent of all registered companies are publicly quoted. Most indigenous firms in Nigeria are small and medium enterprises that are either privately held or, family owned and operated. Furthermore, the local consumers and civil society pressures are almost non-existent. Worse still, law enforcement mechanisms are weak and made grossly inefficient by unbridled large-scale corruption in the country. With all the afore-mentioned factors prevalent in western countries either completely or near absent in Nigeria, one therefore wonders how corporate social responsibilities began in this country. This is what this paper is designed to explore.

OBJECTIVES

The objectives of this paper are to:

- Review the evolution of corporate social responsibility in Nigeria.
- Highlight some corporate social responsibilities undertaken by some Nigerian Companies.

LITERATURE REVIEW

The Concept of Corporate Social Responsibility: While we acknowledge the absence of a universally accepted definition of the concept, there is however a consensus that it implies a demonstration of certain responsible behaviour on the part of government and the business sector toward society and the environment.

Igho (2001) states that there are three Important International Institutions that have helped to underline the need for governments and companies to adhere to the principles of corporate social responsibility. These are the World Business Council for Sustainable Development (WBCSD), the organization for Economic Co-operation and Development (OECD), and the Dow Jones Sustainability Group Index (DJSGI).

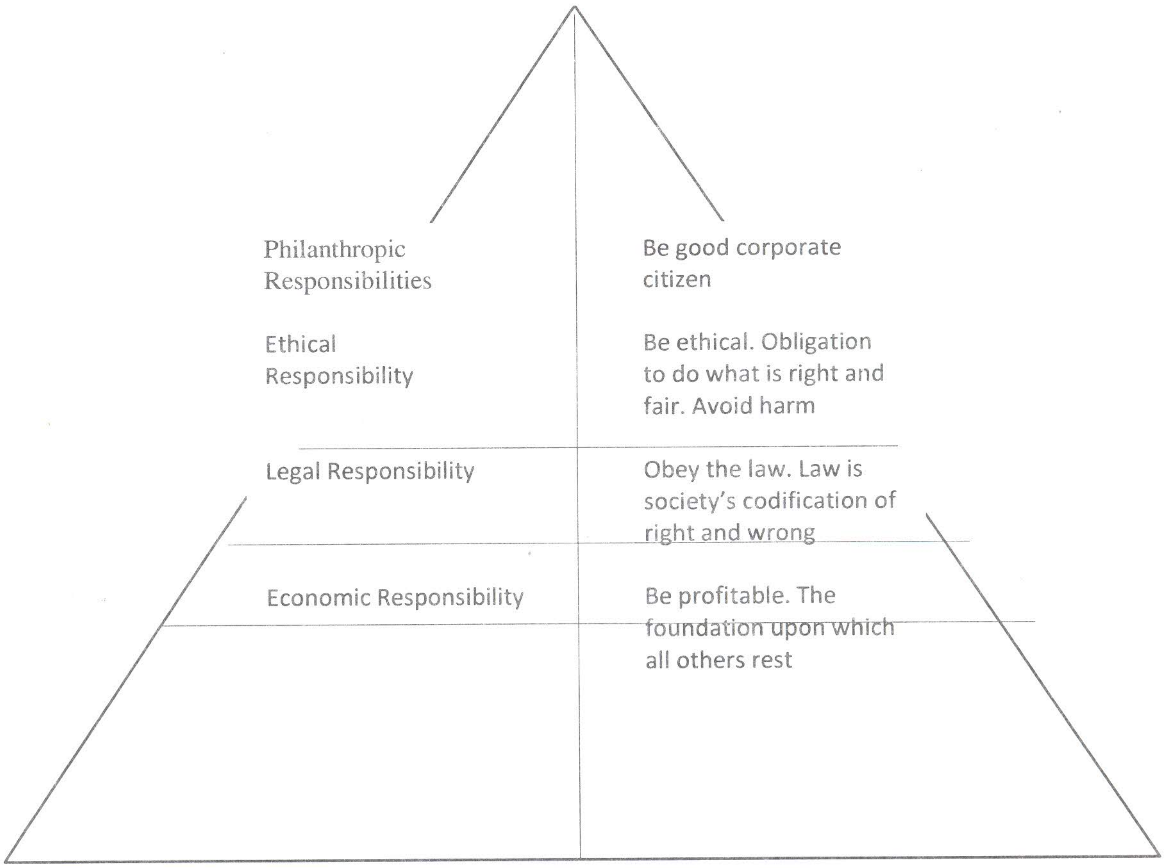
The WBCSD, which is major driving force on the concept of CSR, is an association of 140 International Companies from more than 30 countries representing more than 20 industrial sectors. Two International Organizations – the Business Council for Sustainable Development (BCSD) and the World Industry Council for the Environment (WBCE) merged to form WBCSD in 1995. The WBCSD defines corporate social responsibility as the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of their families as well as of the local community and society at large. The WBCSD's view about CSR tends to concern what a company has to do, in order for it to win and enjoy the confidence of the community as it generates economic wealth and responds to the inevitable dynamics of environmental improvement. The WBCSD sees CSR as a vital link between the long-term prosperity of companies and their drive towards creating practical partnerships and dialogue among business, government and organizations. The WBCSD identifies the following 'core values' as central to CSR:

- Human Rights
- Employee Rights
- Environmental Protection
- Community Development
- Supplier Relations
- Monitoring
- Stakeholder Rights

CSR tries to find out how a company's project would promote or deny human rights, employee rights and stakeholder's rights. It is also concerned with how projects and policies of companies promote or demy environmental protection, community development supplier relations and monitoring.

In a related development, Carroll (2004) defines CSR as the economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time.

Carroll's CSR Pyramid



The economic responsibility in the definition refers to society's expectation that organizations will produce goods and services that are needed and desired by customers and sell those goods and services at a reasonable price. This means that organizations are expected to be efficient and profitable. Without making profit, then a company will cease to exist and CSR dies. This means that CSR is not anti-profit. The legal responsibilities expect organizations to comply with the laws set down by society. Such laws may relate to consumers and products, environment, employment of staff and so on. The ethical responsibility expects organizations to conduct their affairs in a fair and just manner. This expectation goes beyond the laws. It expects organizations to meet the norms of the society whether or not they are covered by the law. Finally, the discretionary responsibilities concern the society's expectation that organizations should be good and responsible citizens. It may include philanthropic activities beneficial to a community or the nation, donation of employee expertise and time to desiring causes. However, manifestations of CSR do not necessarily need to follow a linear progression as predicted by Carroll (2004). Different countries may emphasize different level of responsibility according to their internal needs and norms. In Nigeria, for instance, philanthropic responsibilities are emphasized over and above other aspects of Carroll's model.

Hopkins (2011) states that corporate social responsibility is concerned with treating the stakeholders of a company or institution ethically or in a responsible manner.

He tries to expand the view by the following explanations:

(a) Ethically or responsibly means treating key stakeholders in a manner deemed acceptable according to international norms.

(b) Social includes economic and environmental responsibility. Stakeholders exist both within and outside a firm

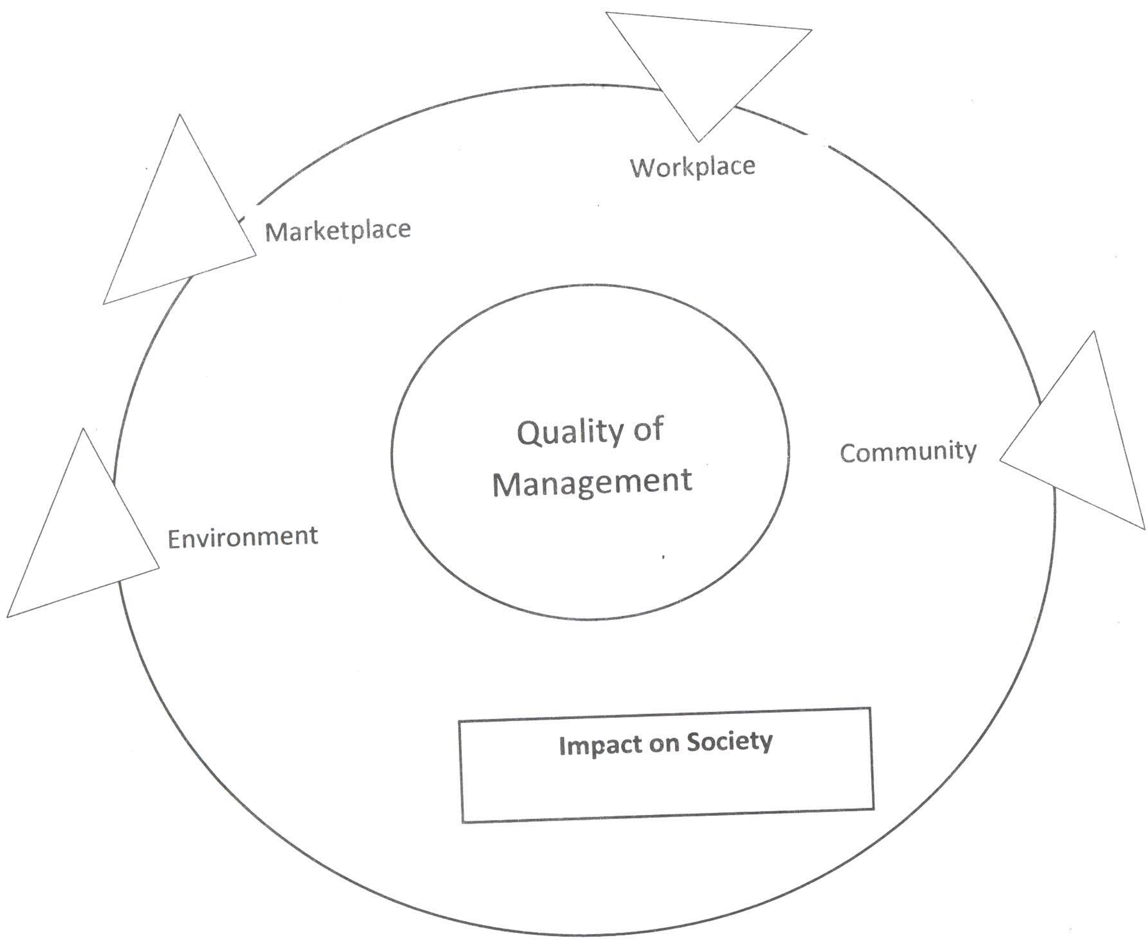
(c) The wider aim of social responsibility is to create higher standards of living, while preserving the profitability of the corporation or the integrity of the institution for people both within and outside these entities.

(d) CSR is a process to achieve sustainable development in societies

Baker (2004) says that CSR is about how companies manage the business processes to produce an overall positive impact on society. Even though his definition only looks at the impact on society, his accompanying diagram stresses other areas.

Baker's circle of CSR

The Business in Society



He emphasizes that companies need to answer to two aspects of their operations:

1. The quality of their management – both in terms of people and processes (the inner circle)

2. The nature and quantity of their impact on society in the various areas.

He observes that outside stakeholders are taking an increasing interest in the activity of the company; with many of them concentrating on the outer circle -what the company has actually done good or bad, in terms of its products and services, its impact on the environment and on local communities, or how it treats and develops its workforce. Out of the various stakeholders, it is financial analysts who are predominantly focused – on quality of management as an indicator of likely future performance.

The EU's Green paper on CSR, defines it as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. The inclusion of the word, voluntary suggests that CSR in not 'forced' on companies

In our view, CSR is all about the application of profits of organizations to promote the welfare of workers, customers, communities as well as engage in philanthropy to improve standard of living willingly. It goes beyond environmental protection or paying compensations for environmental pollution. It is the expansion of the stakeholder orientation of companies to include socialist perspectives. However, it should not be mandatory, or else it would become another form of taxation for corporations with its disincentive effects on investment.

CORPORATE RESPONSIBILITY ACCOUNTING

Social accounting, according to Gray, Owen and Maunders (1987), is a concept that describes the communication of social and environmental effects of a company's economic actions to particular interest groups within society and to society at large. As such, it involves extending the accountability of organization (particularly companies), beyond the traditional role of providing a financial account to the owners of capital, in particular, shareholders. It emphasizes the notion of corporate accountability and reporting methodology.

Crowther (2000) sees social accounting as an approach to reporting a firm's activities which stresses the need for the identification of socially relevant behaviour, the determination of those to whom the company is accountable for its social performance and the development of appropriate measures and reporting techniques. The essence of social accounting is to capture and communicate social areas upon which corporate resources have been expended and to what degree. It helps to compliment the disclosure requirements expected of organizations.

Matthews (1997) and Gray, Kauhy and Lavers (1995) show that from 1979 social and environmental accounting (SEA) steadily increased both in terms of the number of companies choosing to report, and the amount they reported. However, they point out that the level of social reporting is still relatively low compared with other forms of discretionary disclosure. They attributed the development to the fact that social and environmental performance is still a relatively low priority for companies.

Recently, a variety of reporting mechanisms exist. O' Dwyer (2006) notes that the reporting techniques include assurance statements, environmental, social and economic performance reports (also called Triple P (people, planet and profit) and reporting within annual reports and financial statements. Also noted is the variety in the extent and nature of the reporting, particularly across industry sectors and between countries (Labelle, Schatt and Sinclair-Desgagne, 2006).

The Global Reporting Initiative (GRI) was established to provide global guidelines for the reporting of social and environmental information and to ensure consistent reporting. The GRI states its vision as being that reporting on economic, environmental, and social performance by all organizations is as routine and comparable as financial reporting (www.globalreporting.org). They provide a Sustainability Reporting Framework of which the Sustainability Reporting Guidelines are the cornerstone and provide guidance for organizations to use as the basis for disclosure about their sustainability performance, and also provide stakeholders a universally-applicable, comparable framework in which to understand disclosed information. Stanwick and Stanwick (2006) observe that there are eleven reporting principles which encompass similar attributes to those of espoused for financial accounting viz: auditability, completeness, relevance, accuracy, neutrality, comparability, timeliness, transparency, inclusiveness, clarity and context.

Reporting under GRI is done in levels. Part of the GRI requirements is that a company must disclose the level of reporting it is using. There are, at present, three levels. Level A is the most comprehensive. A-level companies must respond to every core indicator, either reporting on it, or explaining why it is not material to their business. Level B companies are required to report on at least 20 indicators, taking at least one from each area. At level C, the lowest, companies must report on just ten indicators. However, unlike the higher levels, C-level companies do not have to disclose their management approach to sustainability and must not comply with some principles in the guideline, including 'accuracy' or commit to producing a balanced report.

In spite of the views of Adams and Frost (2007) that the GRI is probably the most successful attempt to date, at standardizing the reporting of social and environmental information globally, it has its criticisms. To this end, Tilt (2009) states that first; it is labeled as too complex. Some believe, as a global concept, it ought to be devoid of complexities. Second, it stands the danger of watering down its own commitment to promoting transparent reporting. Third, it is said to have flawed assumptions and weak scientific base when applied to some technical issues. Fourth, the guidelines are said to be non-cohesive, with each section (economic. environmental and social) standing on its own. Notwithstanding the criticisms, many companies still adopt GRI. Stanwick and Stanwick (2006) disclose that over 3,000 environment and sustainability reports were released using GRI indicators in the 10 years to 2006. There are indications that many more companies have embraced its usage from 2006 till date.

COPORATE SOCIAL RESPONSIBILITY IN NIGERIA

There are indications that ever before the era of the western organized CSR and the over-bearing colonial influences on business practices of the indigenous firms, some Nigerian business men had engaged in some form of primordial CSR. It is generally believed that ethnicity, language and religion are the three major contexts that shaped Nigerian business practices and provided vehicles for indigenous CSR. A common trend among the different tribes and peoples, which have implication for the CSR discourse, is the communal philosophy of life and concept of 'extended kinship", which appear deep-rooted in all the ethnic groups in Nigeria. They see family network as very important and almost, if not all, ethnic groups in Nigeria believe that individual responsibility extends beyond the boundaries of immediate family. This practice is seen as Nigeria's form of social security. It is an indigenous style of the rich reaching out to the less privileged in the society. When gestures of this kind are done on behalf of business organizations, they are referred to as extended kinship responsibility. This native form of CSR existed in virtually all the ethnic groups in Nigeria before the importation of the western concept of CSR.

Sometimes, in establishing a firm, the founder represents not only the company but also the family, and in some instances the entire community. This is sometimes evidenced in the registration names of some business e.g. Okwelle holdings. Okwelle is the name of the community where the business tycoon and the Chief Executive of Company hails from. When this happens, the founder therefore balances the demand of business with his responsibility to the extended family, which could be a whole community. It is contended that the family-owned nature of most private businesses and the cultural notions of extended kinship suggest a propensity toward communitarian identity. These businesses, from time to time, engaged in acts of philanthropy along the lines of ethnicity, language and religion.

These acts of rudimentary CSR by Nigerian businesses continued all through the period of economic boom. However, an unprecedented decline in this direction began with the onset of economic adversity in the country coupled with the introduction of the organized and expanded-version of western CSR. Many of these businesses strived to remain merely afloat.

On the other hand, it is argued that the history of 'western organized CSR' in Nigeria can be traced to multinational companies (MNCs) operating in the country from 1960s. These firms practiced CSR in Nigeria as business policy of their home countries (Jones, 1999, and VanTulder and Kolk 2001). As more multinational companies found their way into Nigeria, especially in the oil and gas sector, coupled with increasing consumer rights awareness, the desire for CSR began to rise beyond the indigenous practices. In addition, with increasing oil exploration and its attendant devastating consequences on the environment in the Niger Delta region, the indigenes looked up to the oil companies and government for adequate CSR. Unfortunately, the failure to meet the expectations of the indigenes has continued to generate social-political issues. In fact, it is argued that incessant political unrests within the country are not unconnected to the social and environmental concerns that lie at the heart of CSR debate. The Ogoni-Federal government Saga that eventually culminated in the death of famous Ogoni leader, Ken Sarowiwa readily comes to mind here. After the incident, the people of Niger Delta region became more united and militant in

their demand for CSR especially in response to oil and gas pollution as well as massive degradation of their environment by the activities of the oil companies operating in the region. The militancy assumed a worrisome dimension with incessant vandalization of major oil installations and pipelines; and kidnapping of the expatriates working in these companies.
Consequent on the above, the management of oil and multinational companies in Nigeria now live in perpetual fear and hence discharge CSR not as a business culture any more, but to avert the wrath of the Niger-Delta militants. This development has not only re-ordered the driving factors of CSR in Nigeria for oil and MNCs but has become a major consideration in project completion time in the region.

With the increasing global consciousness on CSR, emphasis in fast shifting away from philanthropic motives and creation of improved brand value as main drivers of CSR in Nigeria as identified by Helg (2007). Nigerian companies are beginning to embrace the western version of the concept. However, while some Nigerian firms are yet to adopt the "organized" form of CSR as a business culture, others appear to engage in it to give the impression that their companies are doing well or more recently to avert the wrath of their host communities. Yet, many others are indifferent.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES BY SOME NIGERIAN ORGANIZATIONS FROM BEGINNING OF 2011 TO END OF 2012

Okafor (2012) reports the following CSR by some Nigerian companies:

	COMPANY	AREA	AMOUNT
1.	Dangote Groups Nig Plc	Victims of fire explosion in Code Voire	$500,000
		University of Science and Technology, Wudil Kano	₦100m
		Rehabilitation of some Nigerian Universities	₦1b
		Women empowerment in Kano State	₦600m
		Victims of famine in Niger Republic	₦20m
		Flood victims in Pakistan	$2m
2.	Nigerian breweries Plc	Creative writing workshop	₦2,500,000
		Refurbishment and furnishing of UNN Sci. Laboratory	₦5, 040, 000
		NB Golden Pen Awards	₦124,246,366
		National Arts Competition	₦22,382,266
		Construction and Renovation of Schools	₦55,102,400
3.	Mobile Telecommunication Network (MTN)	MTN Project on Education: (a) 128 Network computers, 3 servers, 2 high capacity printers and one 100 KVA generator. (b) VSAT equipment and internet connectivity band width with 2 years subscription (c) A favourable study environment through space renovation provision of adequate lighting furniture and alternative power supply.	

		(d) Two-year comprehensive insurance cover to take care of theft and fire, etc.	
4.	Guinness Nigeria Plc	Water of life, Jebba Kwara State Water of life, Ise-Ekiti, Ekiti State Laser Eye Machine, Eye Centre, LUTH Lagos State Scholarship to students from Egbeluowo, Abia State Scholarship to students from Odeukwu, Aba, Abia State Scholarship to students from Ogba Ikeja, Lagos State Scholarship to students from Oregbeni, Benin, Edo State Maintenance of water of life projects	₦22,440,000 ₦18, 630,000 ₦3,831,188 ₦75,000 ₦100,000 ₦160,000 ₦475,000 ₦5,063,552

OTHER CSR ACTIVITIES IN NIGERIA BEFORE 2011

Helg (2007) reports the following CSR activities:

5. **Celtel:**

CSR practices of Celtel cover:

- **Education**: Celtel runs a pilot project on the "school furniture project" in the Niger Delta region
- **Health:** Celtel supports the National Action Committee Against Aids (NACA) through the sponsorship of its HIV-AIDS awareness campaign.
- **Development:** The Company has provided communities with 500 boreholes across the six geo-political zones of the country

6. **Glo Mobile:**

CSR practices of Glo Mobil cover the following:

- **Sports:** Glo mobile committed over 100m in cash and 400m in equipment and infrastructure to the 8th All Africa Games. Glo Mobile's support for sports has also been extended to Golf, Polo and Squash.
- **Poverty Eradication Programme:** The Company has initiated an involving partnership with the National Poverty Eradication Programme (NAPEP), to help unemployed youths establish call centres. The pilot scheme involved distribution of handsets, tables, chairs and parasols for 500 call centres. This gesture has now been extended to more beneficiaries. The company hopes to transform beneficiaries to operators of mini business centres that will offer telephone, fax and internet services.
- **Nigerian Institute of Management:** Glo Mobile supports the Annual Nigerian Institute of Management in Nigeria.

Furthermore, Amaeshi et al (2006) notes that the following banks engaged in CSR thus:

BANKS	TERMINOLOGY	MAIN ISSUES TARGETED
Access Bank Plc	Corporate responsibility	Education, Infrastructure development, Arts / Culture
Diamond Bank	Community investments	Education, Health care, Infrastructure development
First Bank	-	Education
Guaranty Trust Bank	Community Development	Education, Health care, Infrastructure development, Capacity building
Union Bank	Social Responsibility	Education, Health care, Sports, Infrastructure development
Zenith Bank	Philanthropy	Education, Health care, Infrastructure development Capacity building