

# An assessment of the impact of corporate social responsibility

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Paper An assessment of the impact of corporate socialresponsibilityon

Nigerian society: The examples of banking andcommunicationindustries

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the Nigerian society, Corporate Social Responsibilities [CSR] has been a highly cotemporary and contextual issue to all stakeholders including the government, the corporate organization itself, and the general public. The public contended that the payment of taxes and the fulfillment of other civic rights are enough grounds to have the liberty to take back from the society in terms of CSR undertaken by other stakeholders.

Some ten year ago, what characterized the Nigerian society was fragrantpollutionof the air, of the water and of theenvironment. Most corporate organizations are concerned about what they can take out of the society, and de-emphasized the need to give back to the society [their host communities]. This attitude often renders the entire community uninhabitable. A case in mind is the Niger Delta area of Nigeria.

This translated to negative integrity and reputation on the part of corporate identity as people perceived this as exploitation and greed for profitability and wealth maximization within a decaying economy of Nigeria. However, the general belief is that both business and society gain when firms actively

strive to be socially responsible; that is, the business organizations gain in enhanced reputation, while society gains from the social projects executed by the business organization.

In modern day however, having seen the benefits and average favorable pay-back period of their investment in CSR, corporations are now seriously involved in this project, which had impacted in the society wonderfully and profitably. This study is therefore, intended to consider the imperative and benefits of CSR on the Nigeria society. The perceived gap supposedly created is harnessed and investigated for possible resolution, using the banking and communication industries as a case study. The research approach is both descriptive and analytical.

Data collected for this study are from both primary and secondary sources, relying heavily on the relevant information available from both banking and communication sectors, and other sources. Tests were conducted using both regression and correlation analysis. The regression result reveals a strong and significant relationship between CSR and Societal Progress such that the relationship between CSR and Societal Progress is statistically significant. It is thus concluded that CSR plays a significant role in Societal Progressiveness in terms of environmental and economic growth.

The study recommends that, while improvement in the depth of participation by banking and telecommunication industries in economic and environmental development is desirable, they are encouraged to close ranks and forge common interest in addressing certain social responsibilities, especially those bothering on security and technological advancement of the

polity. Keywords: Corporate Social Responsibility, societal Progressiveness, Banking, Communication, Environment.

INTRODUCTION At an earlier point in history, societal expectations from business organizations did not go beyond efficient resource allocation and its maximization. But today, it has changed and modern business must think beyond profit maximization toward being at least socially responsible to its society. Today's heightened interest in the role of business in society has been promoted by increased sensitivity to the 018 Univers. J. Mark. Bus. Res. awareness of environmental and ethical issues.

It means our society has become increasingly concerned that greater influence and progress by firms has not been accompanied by equal effort and desire in addressing important social issues including problems of poverty, drug abuse, crime, improper treatment of workers, faulty production output and environmental damage or pollution by the industries as it has overtime been reported in the media. It is therefore very essential for all to realize that public outcry for increased social responsibility will not disappear if business organizations fail to respond to the challenges these had posed for the society.

In view of the perceived information gap, it is therefore worthwhile collating and aggregating in a more organized manner, the contributions of Nigerian corporations [using banking and communications industries as a focus] to the well-being of the society. This is necessary if only to show, in a graphic and mathematical ways that the industries seriously identify with the aspirations of the communities and the general public. In the early years of

this century, two Americans independently and without knowing of each other were among the first businessmen in the world's history to initiate major community reforms.

Andrews Carnegie preached and financed the free public library. Julius Rosenwald fathered the country farm agent system and adopted the infant 4-H CLUBS. Carnegie was already retired from business and one of the world's richest men. Rosenwald who had recently bought a near bankrupt mail order firm called Sear Roebuck and Company, was only beginning to build both his business and fortune. The two held basically different philosophies. Carnegie believed that the sole purpose of being rich is to be a philanthropist, that is, the "social responsibility of wealth".

Rosenwald believed that you have to be able to do good to do well, that is, the "social responsibility of business". J. Irwin Miller of the Cummins Engine Co. Ltd in Columbus, Indiana, has systematically used corporate funds to create a healthy community which, at the same time is a direct, though intangible investment in a healthy environment for his company. Miller specifically aimed at endowing his small industrial town with the 'quality of life' that would attract to it the managerial and technical people on whom a big high-technology business depends.

Only if business and particularly Nigerian business learns that to do well it has to do good, can we hope to tackle the major challenges facing developing societies today. The economic realities ahead are such that 'social needs' can be financed increasingly only if their solution generates commensurate earning which precisely is what business is known for. We

can actually say firms involved in Corporate Social Responsibility are actually not regretting because of the increase it has made on their sales leading to profit and how they have impacted the environment.

The significance of corporate social responsibility as a vital tool for the societal progressiveness cannot be over emphasized. This can be seen from the points of view of showing concern for the welfare of the community in order to reap peace, competent and cheaper manpower, a platform for a better community; by making the host community worthy of livelihood in terms of infrastructural development; and by boosting their image, reducing advert cost, gaining an edge over competitors, and making your name as a firm an household name in the society.

Theoretical and Conceptual Framework Overview of The Concept of Corporate Social Responsibility The Bali Roundtable on developing countries in 2002 recognized the business sector as a primary driver of economic development and the World Summit For Sustainability identified business involvement as critical in alleviating poverty and achieving sustainable development. Corporate social responsibility has to do with an organization going out of his way to initiate actions that will impact positively on its host community, its environment and the people generally.

It can be seen as a way of acknowledging the fact that some business fall outs have adverse effects on the citizens and society and making efforts to ensure that such negative impact are corrected. Posk, et al (1999) as a matter of fact, believe that corporate social responsibility means that a corporation should be held accountable for any of its actions that affect

people, communities, and its environment. It implies that negative business impacts on people and society should be acknowledged and corrected, if possible.

It may require a company forgoing some profits if its social impacts are seriously harmful to some of its stakeholders or if its fund can be used to promote a positive social good. Definition of Corporate Social Responsibilities  
There are a myriad of definitions of Corporate Social Responsibilities [CSR], each considered valuable in their own right and designed to fit the specific organization. The majority of definitions integrate the three dimensions to the concept, that is, economic, environmental and social dimensions.

CSR had also been commonly described as “ a demonstration of certain responsible behavior on the part of public and the private [government and business] sectors toward society and the environment”. Business for Social Responsibility (BSR), a leading Global Business partner, in a Forum held in 2006 defined CSR as achieving commercial success in ways that honors ethical values and respect people, communities, and the natural environment. For BSR, CSR also means addressing the legal, ethical, commercial and other expectations society has for business, and making decisions that fairly balance the claim of all key stakeholders.

In its simplest terms, it is: “ what you do”, “ how you do it” “ and when and what you say”. In this sense, CSR is viewed as a comprehensive set of policies, practices and programmes that are integrated into business operations, supply chain, and decision making processes throughout the company and wherever the company does businesses that are supported

and rewarded by top management. It also includes responsibility for current and past actions as well as future impacts. The issues that represent a company's CSR focus vary by business, size, sector and even geographical region.

It is seen by leadership of companies as more than a collection of discrete practices or occasional gestures or initiatives motivated by marketing, public relations or other business benefits. Also, the World Business Council on Sustainability Development, 1998 described CSR as “ the continuing commitment by Business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large”. CSR is the concept that an enterprise is responsible or accountable for its impact on all relevant shareholders” [European Union, 2006]. According to Macmillan [2005], “ CSR is a term describing a company's obligation to be accountable to all its stakeholders in all its operations and activities. Socially responsible companies will consider the full scope of their impact on communities and the environment when making decisions, balancing the need of stakeholders with their need to make a profit”. “ CSR is concerned with treating the stakeholders of the firm ethically or in a socially responsible manner.

Since stakeholders exist both within a firm's and outside a firm, hence, behaving socially and responsibly will increase the human development of stakeholders both within and outside the corporation” [Clarkson, 1995]. A reputable author, Kenneth Andrews Steiner (1977) defined Corporate Social Responsibilities (CSR) “ as the intelligent and objective concern for the



welfare of the society that retains the individual and corporate behavior from ultimately destructive activities, no matter how immediately profitable and leads to the directions of positive construction of human betterment". As an improvement on the above definitions, Koontz and O'Donnell (1968) defined social responsibility as the personal obligation of everyone, as he acts in his own interests, but he must always have due regard that his freedom does not restrict others from doing the same thing. He further noted that a socially responsible individual or organization will obey the laws of the land because the rights of others are at stake.

In emphasizing the ecological conceptualization of social responsibility, Buchholz (1991) noted that any good definition of social responsibility must contain if not all, most of the following; Responsibility that:

- goes beyond the production goods and services at a profit.
- helps in solving important social problems those that the organization are responsible for creating.
- makes corporations have greater constituency than stockholders alone
- makes corporations have great impacts that goes beyond marketplace transactions, and
- makes corporations serve a wider range of human values that can be captured by a sole focus on value.

CSR can therefore be referred to as decisions and actions taken by organizations for reasons at least, particularly beyond the organization's direct economic or technical interest. For many corporate bodies giving to charities is a struggle really, their objective do not usually build-in the strategic need to support the communities that they serve. The focus totally is to maximize profit or financial returns. The thrust of their arguments

centre around balancing their obligations to stakeholders, especially the shareholders.

Corporate social responsibilities should be strategic no doubt. Engaging in strategic philanthropy is done by even the best corporate bodies in the world. It should however have an underlying compassionate foundation. There should be a symbiotic relationship between corporate organization and the host communities, a sort of on-going reconciliation between the organization's economic orientations. There should be an unwritten "social contract", so that it should not be forced responsibility like Education Trust Fund tax but a voluntary social service based on the needs of the community.

Socially responsible business practice implies that CSR is the social practice where the corporation adapts and conducts discretionary business practices and investments that support social causes to improve community well-being in order to protect the environment. Key distinctions include focus on activities that are discretionary, not those that are mandated by laws or regulatory agencies or are simply expected, as with meeting moral standards.

Community is interpreted broadly to include employees of the corporation, suppliers, distributors, non-profit and public sector partners as well as members of the general public. And well-being can be referred to health and safety as well as psychological and emotional needs. It is also about capacity building for sustainable livelihoods, respect for cultural difference and finds a business in building the skills of employees, the community and the

government. Indeed it is about business giving back to society. 020 Univers. J. Mark. Bus. Res.

Generally speaking, Corporate Social Responsibility, whether in the banking sector or otherwise refers to: A collection of policies and practices linked to relationship with key stakeholders, values, compliance with legal requirements, and respect for people, communities and the environment. The commitment of business to contribute to sustainable development According to the European Commission, CSR involves companies integrating “ social and environmental concerns into business operations and in their interaction with stakeholders on a voluntary basis”.

The key to this definition lies in the word “ voluntary”. According to Nigeria Social Enterprise Reports Vol. 2, CSR is generally understood to be the way a company achieves a balance or integration of economic, environmental and social imperatives while at the same time addressing shareholders and stakeholders expectations. It went further to say that CSR is generally seen as the contribution of business to sustainable development which has been defined as “ development that meets the needs of the present without compromising the ability of the future generations to meet their own needs”.

In Nigeria, the federal Executive Council (FEC) on Wednesday May 2008 approved the development of a CSR policy for the country, to instill ethical behavior in Nigerian Businesses. The minister of National Planning Commission, Dr Sanusi Daggash, who gave details of the memorandum, said it referred to the adoption of responsible business practices by organizations, to improve the society at large”. He said the policy would include “ beyond

law commitment” and activities that would necessitate an expectation to ‘give back’ to the society.

He reiterated that the policy would ensure corporate governance and ethics, health and safety, human rights, human resource management, anti-bribery and anticorruption measures. One reckons that the policy formulators will take note of similar global policies that might point Nigeria in the direction of developing a viable CSR policy. Carroll’s Pyramid of Corporate Social Responsibility Although no single commonly accepted definition had been ascribed to the subject, which had evolved since 1970s, Archie B.

Carroll had said that “ there had been economic, ethical, legal and philanthropic aspect to the subject”. Therefore, one of the most used and quoted model is the Carroll’s pyramid of CSR, 1991. Carroll considers CSR to be framed in such a way that the entire range of business responsibilities is embraced. These four responsibilities can be illustrated as a pyramid. The economic component is about the responsibility to profit which serves as the base for the other components of the pyramid. With regard to the legal aspect, society expects organizations to comply with the laws and regulations.

Ethical responsibilities are about how society expects organization to embrace values and norms even if the values and norms might constitute a higher standard of performance than required by law. Philanthropic responsibilities are those actions that are expected from a company as a good corporate citizen. Implicit Versus Responsibility Explicit Corporate Social Matten and Moon (2004) presents a conceptual framework for

understanding corporate social responsibilities the, ' implicit' versus the ' explicit' corporate social responsibilities.

Explicit CSR is about corporate policies with the objective of being responsible for what the society is interested in. Explicit CSR can for example be voluntary, self-interest driven corporate social responsibilities policies and strategies. Implicit CSR is a country's formal and informal institutions that give organizations an agreed share of responsibility for society's interests and concerns. Implicit CSR are values, norms and rules which result in requirements for corporations to address areas that stakeholders consider important. Business associations or individual organizations are often directly involved in the definition and legitimization of this social responsibility requirement. The Three Components of Sustainability - The Triple Bottom Line Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs (World Commission on Environmental and Development, 1987) The triple bottom line is considering that companies do not only have one objective, profitability, but that they also have objectives of adding environmental and social value to society (Crane and Matten, 2004).

The concept of sustainability is generally regarded as having emerged from the environmental perspective is about how to manage physical resources so that they are conserved for the future. Therefore, economic sustainability is about the economic performance of the organization itself. A broader concept of economic sustainability includes the company's impact on the economic framework in which it is embedded. The development of the social

perspective has not developed as fast as the environmental and economic Olanrewaju 021 perspectives. The key issue in the social perspective on sustainability is that of social justice.

It can be seen from above that economic and environmental sustainability involved in the concept of externalities is mostly engendered in the importance placed by comparatives in the concept of social responsibilities. The European Foundation for Quality Management [EFQM] defines CSR as “ a whole range of fundamentals that organizations are expected to acknowledge and to reflect in their actions. It includes among other things respecting human rights, fair treatment of the workforce, customers and suppliers, being good corporate citizens of the communities in which they operate and conservation of natural environment”.

These fundamentals are seen as not only morally and ethically desirable ends in themselves and as part of the organization’s philosophy; but also as key drivers in ensuring that society will allow the organization to survive in the long term, as society benefits from the organization’s activities and behavior” (The EFQM Framework For Social Responsibility, 2004). CSR is the concept that an organization needs to consider the impact of their operations and business practices on not just the shareholders, but also its customers, suppliers, employees, members of the community it operates in, and even the environment.

It is a way of saying thank you and expressing appreciation to all stakeholders in the business. It is a conscious effort to give back to the society in which the corporation has benefitted immensely. Characteristics of

Corporate Social Responsibilities The European Foundation for Quality Management [EFQM] presents some common characteristics for CSR which are:

- Meeting the need of current stakeholders without compromising the ability of future generations to meet their own demand.
- Adopting CSR voluntarily, rather than as legal requirement, because it is seen to be in the long-term interests of the organization. Integrating social, environmental and economic policies in day to day business
- Accepting CSR as a core activity that is embedded into an organization's management strategy.

The three dimension of CSR with specific examples of areas particular to each dimension are: Economic Responsibility Integrity, corporate governance, economic development of the community, transparency, prevention of bribery and corruption, payments to national and local authorities, use of local suppliers, hiring local labour and similar areas.

Social Responsibility Human rights, training and developing local labour, contributing expertise to community programs and similar areas.

Environmental Responsibility Precautionary approaches to prevent or minimize adverse impacts support for initiatives, promoting greater environmental responsibility, developing and diffusing environmentally friendly technologies and similar areas. Lohman and Steinholtz (2004) view the CSR concept as a combination of three separate agendas, namely Corporate Sustainability, Accountability and Governance.

Corporate Sustainability derives from the United Nation meeting in Rio de Janeiro in 1992 and the Agenda 21. This refers to how we address and balance the social, economic and environmental areas in the world so that

our long term survival is not threatened. Corporate Accountability focuses on the credibility of the organization and is used in situations where discussions are held about the ability of the organization to manage. Corporate governance is used in the discussion about how an organization is being run. It deals with transparency and in the long run trustworthiness.

Bowen (1953) defined it as the obligation of business men to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of objectives and values of the society. A number of studies have been carried out on CSR since the idea was floated in the twentieth century. For, example, a Business week/Harris poll (1993) revealed that U. S. top-level corporate executives (69% of those polled) and MBA students (89%) believed that corporations should be more involved in solving crucial problems.

Also in a study of 107 Europeans corporations, majorly of the chief executives cadre surveyed agreed that addressing social issues, such as substance abuse, health care and education, was needed (Mathison, 2003). Business in any society needs to take responsibility, for every decision that is made, every action that is taken, must be viewed in the light of that kind of responsibility. Social responsibility requires business organizations to balance the benefits to be gained against the costs of achieving those benefits.

There is the general belief that both business and society gain when firms actively strive to be socially responsible. While business organizations gain in enhanced reputation, society gains from the social projects executed by the



business organization. In the early 1970s, companies began to appreciate community service as a way to improve their images, internally and externally, as well as to serve the communities in which the business operates. A study carried out by the National Volunteer Centre in U. S. in 1977 shows that more than 1,100 major U. S. corporations had established structured activities to involve their workers in community volunteerism by 1990. A survey of 180 leading U. S. companies found that 79% of them had volunteer programmes. Also, a study conducted by IBM and the graduate of School of Business at the University of Columbia in 1994 showed a clear link between volunteerism and return on assets, return on investments and employee productivity. A company with a strong community involvement programme is likely to score high in profitability and employee morale.

Social responsibility should, in fact, reflect cultural values and may differ in forms from one society to the other. What is socially acceptable in Japan may differ in forms from that of Germany, Brazil or Indonesia. Japanese firms have proved themselves models citizens on many dimensions of Corporate Social Responsibility. Their support of local community activities and other philanthropic endeavours have led to increased goodwill in the communities where they operate.

The firms help society in areas directly related to the operations of the business. A survey conducted by the Japanese External Trade Organisation (JETRO) in 1997 shows that approximately 80% of Japanese affiliated operations in the United State which were covered by the survey engaged in

corporate philanthropy. Making cash contributions was the most common form of philanthropy (about 91%). Community development and education were the primary beneficiaries of cash donations and encouragement of employee volunteerism was up to 36% from 1992.

Over 95% of responding organizations maintained or increased both cash donations and other philanthropic activities since the last survey in 1992. Being socially responsible by meeting the public's continually changing expectations requires wise leadership at the top of the organization. Miles (1987) observed that " corporate leaders who possesses this kind of social vision believe that business should help create social change rather than block it. With such attitude, they know that their own company will have a better chance of surviving in the turbulent social currents of today's world".

Frooman (1997) further observed that companies which are socially responsible are guided by enlightened selfinterest, which means that they are socially aware without giving up their own economic self interest. Profit are the reward for the firm as it continues to provide true value to its customers, to help its employees to grow, and to behave responsibly as a corporate citizen. An emphasis on social responsibility can attract customers. A poll conducted by Opinion Research Corporation shows that 89% of purchases by adult are influenced by a company's reputation. Social responsibility also benefits ompanies by enabling them to recruit a high quality labor force. The reputation of the firm and the goodwill associated with socially responsible actions attract talented prospective employee, that is, people seeking an employer for whom they would be proud to work. At

Cadbury Nigeria plc, the concept of CSR is seen as a continuing commitment by business to behave ethically in ways that will contribute to economic development of the nation. It is also expected to improve the quality of life of not only the company's workforce and families but also that of the local community as well as the society at large. Business Day, Newspaper, 13th October, 2003) Over the last decades there has been an apparent shift from adopting more responsible business practices as a result of regulatory citations, consumer complaints and special interest group pressures, to proactive research exploring corporate solutions to social problems and incorporating new business practices that will support these issues. This shift has been due to:

- increasing evidence being documented and shared, demonstrating that socially responsible business practices can actually increase profits. the fact that in our global market place, consumers have more options and can make choices based on the criteria beyond product, price and distribution channels. Research emphasized that consumers are also basing their purchase decisions on reputation for fair and sustainable business practices and perceptions of commitment to the community's welfare.
- the fact that Investors and other stakeholders may also be the driving force with increased public scrutiny and use of more sophisticated pressure tactics, including use of technology and power of internet. Interest in increased worker productivity and retention which has turned corporate heads towards ways to improve satisfaction and well being. (Cocacola bottler in South Africa launching an HIV/AIDS prevention program in the work place).
- Technology and increased third party reporting having been given increased visibility and coverage of corporate activities, especially when

things go wrong, as with current corporate scandals that have made the public more suspicious of business creating the need for business to put a positive shine on their activities.

This is even more critical today with instant access to twenty four (24) hours news channel such as CNN outline news articles and e-mail alerts. • The bar for full disclosure appears have been raised, moving potential customers from a “ consumer beware” attitude to an expectation that they will be fully informed as regards practices including product content, sources of raw materials and manufacturing processes. Advocate of CSR argues that companies with good social and environmental records will perform better in the long run than those that do not behave responsibly. This is because customers will like to patronize any

Olanrewaju 023 company with good social and environmental records more than companies without such records as they will be seen to have identified with the community. It has been argued that since Corporate Social Responsibility can enhance a company’s image, it raises the question of whether or not CSR was embarked upon solely for corporate self interest, company or their chief executives may be politically motivated when making corporate donations. But Black (1989) objecting to this self interest motive maintains that in CSR, the company giving funds does not attempt to gain any advertising benefit or undue identification.

The company is contented with the belief that CSR is good business. Responsibilities of a firm To achieve set objectives, every firm owes various duties to all the stakeholders, and these must be fulfilled. These

responsibilities are discussed below:

- Duty to protect the well-being of people in its environment. A firm's primary duty is to protect the well being of those living in its environment; its operations or practice. For example, a firm wishing to carry out banking business must first be incorporated under the Companies and Allied Matter Act (CAMA), 1990 and then valid licence from the governor of the Central Bank of Nigeria (CBN).

Its operations should be in line with the provisions of the Bank and Other Financial Institutions Acts (BOFIA), 1991, the CBN Act, the Nigerian Deposit Insurance Corporations (NDIC) Acts, the Money Laundry Act 2004 and other banking laws.

- The firm should produce goods and services that are not harmful to the people. A manufacturing company should not produce goods that may cause death to people. Similarly, in the course of maximizing profit, a bank should not finance illegal projects, say, provide finance for the illegal purchase of ammunition, or abet illegal transfer by unpatriotic citizens or politicians. A firm should not deceive others. Deception, in this way, can take various forms, namely; failing to include all the required quantities and quality materials for producing a particular product, but may still indicate on the package that the normal quality were involved; colluding with the external auditor to render false financial statements to shareholders, regulating authorities and members of the public, with a view to declaring false profit; preparing two sets of accounts or returns, i. e. accurate and false accounts, and sending the false one to the regulatory authorities and the accurate one to the shareholders, to conceal some facts in the course of bank supervision and examination.
- An organization should enter into fair binding contract with its customers, creditors, employees, suppliers etc. all

terms and conditions of the contract should be well stated by the firm and well understood by the parties concerned. It is important for a firm to discharge its duties under the contract at all times.

For example, a customer granted credit facility should be allowed to repay under the agreed terms and conditions for which the loan was granted. • Duty to make reasonable return to shareholders in accordance with the level of investment. The ordinary shareholder takes the highest risk in business, hence it is the duty of management of a company to utilize the resources of the company effectively to generate profit, the bulk of which should go to the ordinary shareholder.

The firm should ensure that the market price of the company's share is attractive to the public. When this is done, the owner's economic welfare is maximized through high return on capital usually reflected on the market price of shares of the company. • Duty to minimize harmful effect of substance. In the course of doing business, firms are bound to engage in activities whose effects may be harmful or distasteful to the members of the organization and the public.

For example, hospital, police, radio, and television stations, telecommunication business provide twenty-four hours service to their customers and client, an indication that the employees of these organizations must be on duty every hour of the day. To be effective and efficient, there is need for shift duty. Although coming to work at night or very early in the morning might not be palatable with all employees, this is inevitable; thus, a fair compensation, in terms of shift hazards and

inconvenience allowances, should be paid to the employees concerned. This will strengthen their commitment.

Similarly oil and gas industries should pay high compensation to the people living in the area where oil and gases are produced, as this could compensate for the environment degradation of the area and other problems encountered by the people living in the community. Also bank staff that work outside the normal banking hours should be paid compensation allowance. • Duty to pay reasonable salaries and wages to the employees. It is the duty of the firm to use the revenue generated from its business activities to pay fair and reasonable compensation in the forms of salaries and allowances to workers.

This should be commensurate with the services rendered. However, it will be unethical, unfair and an act of irresponsibility for a firm to ask the workers to perform task that will expose them to serious danger, risk, or unprofessional practices, all in the interest of robust salaries and allowances. For example, a situation where banks set unachievable deposit targets for staff by employing ' beautiful' ladies and ' handsome' men to run after money-bags to attract deposits. This encourages fraud and prostitution.

A staff that fails to meet the target knowing full well that he would be sacked might resort to stealing to raise more funds or resort to prostitution. In like manner, a firm that pays reasonable returns on capital will enjoy continuous investment of shareholders. • Duty to use part of the firm's profit to provide 024 Univers. J. Mark. Bus. Res. amenities that promote the common good of

the community in which it operates. • Duty to embark on projects that brings about the expansion and improvement in the company's operations.

Firms that expand create additional employment opportunities to the community, and this will lessen crime rates. Similarly goods are made available at affordable prices, thereby meeting the needs and satisfaction of the consumers. This encourages good standard of living of people in the community. • Duty to honor obligations to the government in terms of payments of taxes and levies, thereby making fund available to the government to provide infrastructure facilities and meet the recurrent expenditures with a view to promoting national development.

Social responsibility to stakeholders An organization should fulfill its social responsibilities to the following stakeholders for it to achieve its set objectives. For instance, using a Bank as a case study, the stakeholders will include: a. Customers market prices of the shares of the bank in the stock market; • Ensuring safe investments through good and sound management to prevent distress; • Issuing bonus share from time to time; • Keeping the shareholders informed of the bank's performances through annual general meetings, newsletters and information bulletins. . Employees • Offer efficient services • Make savings and withdrawals of money less time consuming by reducing the waiting time; • Ensure adequate liquidity so that cash withdrawals is met promptly; • Pay competitive rate of interest on saving and deposit, in line with the CBN's credit and monetary guidelines; • Charges reasonable interest rates and commissions; • Ensure safety of deposit so much so that the customers can deposit his money in the bank



and go to sleep; • Provide a conducive environment for banking activities, e. g. spacious and well ventilated banking hall, security for valuables and vehicles within the bank premises' and • Make secret of the affairs between the bank and customers to protect the interest of the customers. b. Shareholders • Provide a conducive working environment i. e. make available modern working tools and equipment, ventilated offices, good infrastructure, decent and official cars, health and safety equipment at the workplace etc; • Pay competitive salary remuneration commensurate with the level of commitment • Offer opportunities for career development, e. . inducement for taking professional examination; • Train and develop employees through continuous learning at seminars, conferences, workshop, with the view to update their knowledge base, to meet rapid changes in the banking environment. ; • Keep employees adequately informed on the policies, procedures and rules relating to day-to-day banking operations. This can be done through newsletters, bulletins, meetings, etc; • Involve employees in decisions affecting them, to ensure their total commitment and loyalty; • Maintaining equal opportunities among employees, i. . there should be no preferential treatment or favourism; • Establish clear cut bargaining and grievance procedures that will be known and followed by all employees. d. Government • Being a responsible corporate entity or citizen, provide credit facilities to various sectors of the economy, with a view to ensuring the economic development of the country; • Comply with the laws and regulations prescribed by regulatory authorities like the Central Bank of Nigeria, the Nigeria Deposit Insurance Corporate, etc; • Assist government in funding and promoting social activities, such as sponsoring sports

programmes, contributions towards combating diseases e. g. AIDS, etc. e. The Public If banks are to guarantee continuous investment of their shareholders, they have the duty of:

- Ensuring effective performance by utilizing the capital invested in the bank to maximize profit.
- Paying good dividends, i. e. reasonable returns commensurate with the capital investment.

Maximizing the owner's wealth by ensuring good . Banks are socially responsible to the banking public, in general, and members of the community in which they are situated, in particular, in the following ways:

Olanrewaju 025

- Development of the environment through provision of basic facilities like good drinking water, donations to development associations, bringing banking services to the rural areas, indigenous lending, etc.
- Creation and maintenance of employment opportunities to qualified members of the community. This encourages loyalty, commitment and cooperation from the community. Participation in community activities, such as donations to community to celebrations, awardingscholarshipto deserving members of the community, etc, and
- Using the skills of employees to develop charitable goods and services.

MODERN CORPORATE SOCIAL RESPONSIBILITY Modern CSR was born during 1992 Earth Summit in Rio de Janeiro when United Nations sponsored recommendations on regulation were rejected in favour of a manifesto for voluntary self-regulation put forward by a coalition of companies called the World Business Council for Sustainable Development (WBCSD).

Its version of events was endorsed by the US, the UK and other Western governments. The British government for example, is still a vocal supporter of voluntarism. Such resistance to regulation seem to have left the worst corporate abusers effectively unrestrained and the victims of their actions adequate means of redress. Whatever responsible initiatives companies choose to carry out on their own behalf binding international standards of corporate behavior must be established to guarantee that the rights of people and the environment in developing countries like Nigeria are properly protected.

It is hence recommended that there should be international regulation backed up by national legislation, to ensure the enforcement of real social responsibility on the corporate world. Introducing the threat of prosecution and legal action with resulting detailed disclosure of company documents would create powerful incentives for companies to behave responsibly.

At a national level, Government should

- Adopt new laws to make corporate social and environmental reporting and disclosure mandatory for British companies including the disclosure of payments to overseas government, information on the social and environmental impact of overseas operations and details of legal actions against companies.
- Frame new responsibilities for companies directors to give them a 'duty of care' for communities and their environment, making them legally accountable for the actions of their companies overseas.

Change the law to enable people harmed by British companies' overseas operations to seek redress in UK court and to provide the resources to enable them do so.

Responsibilities Defending public image If companies behave improperly, they can be got at through the court of international public opinion. The first CSR initiatives were a response to public pressure and media exposure of poor company behavior. CSR was supposed to show that companies were capable of cleaning up their act. Prof.

Michael Porter of the Harvard Business School argues that CSR is all defensive effort, a PR games in which companies primarily react to deal with the critics and the pressure from activists. Attracting investors companies that proactively engage with sustainable development agenda and its advocate in the investment world should generate support, interest and understanding among investors. This will ultimately ascribe a premium to share price. CSR makes companies attractive to both mainstream investors and to the fast growing ethical-investment sector.

Many investors now believe that social and environmental riskmanagement improves a company's market value in the long term. Permission to operate CSR has, of late become a vital component in companies' effort to gain approval for projects carrying significant political and social risks. Lobbying against regulations " one of the key functions of CSR is to enable further deregulations by pointing to the involvement of business in ethical and sustainable activities and to indicate that multi-stakeholder dialogue with civil society obviates the need for binding regulation" (David Miller, Sterling Media Research Institute).

I believe that companies' voluntary measures can help improve private-sector behavior. But voluntary activity is no substitute for regulation and

there is evidence that companies that espouse voluntary approaches to meeting social and environmental standards are also involved in resisting external regulation, especially by government. Concept of corporate social responsibilities in Nigeria To be able to understand CSR from a Nigerian perspective it is of value to explore the drivers for, and 026 Univers. J. Mark. Bus. Res. the history and development of CSR in Nigeria.

The World Business Council for sustainable Development has discussed CSR with business and non-business stakeholders in a number of countries in the world with the objective of understanding local perspectives better and to get different perceptions of what CSR should mean from a number of different societies. (<http://www.cecodes.org.co>). One important finding in this study was that people were talking about the role of the private sector in relation to a social agenda and they saw that role as increasingly linked to the overall well-being of society.

Therefore the chosen priorities differed according to the perception of local needs. The key CSR issues identified in the study included Human rights, Employee rights, Environmental protection, Community involvement and Supplier relations. The book “ Corporate Citizenship in Developing Countries” (Pedersen and Huniche, 2006) contains a chapter about revisiting Carroll’s CSR pyramid from a Nigerian perspective. Most of the research on Carroll’s CSR pyramid has been in an American context and in this report an attempt is made to look on how CSR manifests itself in a Nigerian context.

In Nigeria, economic responsibility still get the most emphasis while philanthropy is given second highest priority, followed by legal and then

ethical responsibilities. According to the report there are many reasons for this. Firstly, the socio-economic needs of the Nigeria societies in which companies operate are so huge that philanthropy has become an expected norm. Companies also understand that they cannot succeed in societies that fail. Secondly, many Nigerian societies have become dependent on foreign aid and there is an ingrained culture of philanthropy in Nigeria.

A third reason, according to the report, is that CSR is still at an early stage in Nigeria, sometimes even equating philanthropy. It is important to stress that in Nigeria philanthropy is more than charitable giving. HIV/AIDS is an example where the response by business is essentially philanthropic but clearly in companies own economic interests. The low priority for legal responsibilities is, according to the study, not due to the fact that Nigeria companies ignore the law but the pressure for governance and CSR is not so immense.

Ethical perspective seems to have the least influence on the CSR agenda. This is not to say that African businesses are unethical. For example, the King Report in 2003 (<http://www.corporatecompliance.org>) was the first global corporate governance code to talk about 'stakeholders' and to stress the importance of business accountability beyond the interests of shareholders. Ajadi (2006), in a conference paper on Corporate Social Responsibility in Nigeria delivered at British Council conference on CSR in Nigeria, 2006, specifies some additional specific drivers for CSR in Nigeria: The failure of centralized, government controlled economy to develop the country • The extraordinary transaction cost to business of corruption and

other failures of social capital • The history of conflict and waste in the extractive industry exemplified by the Niger Delta saga • The Nigerian population whose majority is under the age of 25 and is largely ignored despite the fact that they are critical to the survival and future prosperity of business and the country at large. • The potential benefit of a commercially active and productive country of over 140 million potential consumers.

The drivers for CSR in the west are to be found within areas such as increased brand value, greater access to finance, a healthier and safer workforce, stronger risk management and corporate governance, motivated people, customer loyalty, enhanced confidence and trust of stakeholders as well as enhanced public image. These drivers may not necessarily be applicable to Nigerian companies. Most indigenous companies in Nigeria are privately held, family owned and operated. Local consumer and civil society pressures are almost nonexistent and law enforcement mechanisms are weak. (Amaeshi, Adi, Ogbechie and Amao. 006). There are numerous ways of implementing CSR in an organization. CSR practices can address environmental issues, social issues or both. The implementation can be done by integrating CSR in the business or it can be run as a project. Sometimes there are CSR strategies and policies framing the CSR agenda, sometimes there are not. According to World Business Council for Sustainable Development (Lohman and Steinholtz, 2003) an active CSR work might include areas such as:

- The management of the organization clearly declares its views and obligations towards the society and its stakeholders.
- The organization develops and implements clear policies.
- The organization has rules for purchasing including social and environmental concerns.
- The

organization reduces its “ ecological footprints”, both in production and in the process of production. • The organization has objectives with regard to environmental and social concerns. • The organization shows an active engagement with regard to the development of its local society. • Consumers are educated on how products ought to be used. • The organization informs about all its different business areas in a transparent manner.

For most businesses operating in Nigeria whether small or large, local or national, the transaction cost of operating is often unpredictable. At the heart of this difficulty is the obvious problem of operating in a low trust Olanrewaju 027 economy. For many businesses the cost of paying upfront on cash flow or delayed payment; the difficulty of investing in people development; the challenge of high volume cash transactions are all part of a severely eroded social capital. At the core of this issue is the role of business partnership with government and others to exemplify and model behaviors that restore optimism and improves trust.

The challenges that face a business in Nigeria are unique because CSR can probably not be optional in such a climate. In a country where the social, health, education and environmental needs are so prevalent, where government resources are so stretched, where everyday people live on the breadline, business any other way is not only unethical, it is most probably not sustainable. Implementation of corporate social responsibilities in Nigeria Annually, limited liability companies in Nigeria give reports of their social responsibility efforts. These are in four major identifiable areas; viz: a.



The immediate environment of the company where the interest of the neighbours of the given companies are taken care of as much as is practicable (Bello, 1988) b. Locating worthy national or state activities to support. In this respect, educational, sporting and cultural activities are sponsored by companies as forms of social responsibility. Also, scholarships, training facilities, and other forms of support are often provided for students. c. Responding to major disasters. Such disasters may originate from nature or it may be accidental like the bomb explosion at the Ikeja cantonment on Sunday, January 27, 2002.

In the oil industry, there had been several reported cases of oil spills damage farmlands, crops, forests and water. Others like fire, flood, drought and erosion are also responded to. Various types of materials are made available to victims of such disasters. d. Diversification of activities to areas of importance in the nation's economic development. For example, Guinness plc invested funds in two major eyeclinics in Nigeria, and Texaco Oil Producing and Marketing Company diversified into agricultural activities of cultivating cassava and processing Garri [Cassava flour].

Before the United Kingdom developed its CSR policy, Gordon Brown, prior to becoming the prime Minister said; today CSR goes far beyond the old philanthropy of the past, donating money to good causes at the end of the financial year and is instead an all year round responsibility that companies accept for the environment around them... now we need to move towards a challenging measure of corporate responsibility, where we judge results not just by the input but by its outcomes: the difference we make to the world in

which we live, and the contribution we make to poverty reduction” (Corporate Social Responsibility - A Government Update: [www.csr.gov.uk](http://www.csr.gov.uk)).

There is no doubt the committee saddled with the responsibility of developing a CSR policy for Nigeria will learn from the countries (especially developing ones) that have adopted and are implementing such policies successfully. Prior to the above declaration of the Federal Government, Nigeria did not have a CSR policy. Several companies operating here took the initiative to develop a CSR guideline or code for themselves.

It is not out of place for a study to have found that indigenous firms perceive and practice CSR as corporate philanthropy aimed at addressing socio-economic development challenges in Nigeria. This finding confirms that CSR is a localized and socially embedded construct, as the ‘waves’, ‘issues’ and ‘modes’ of CSR practices identified amongst indigenous firms in Nigeria reflect the firms’ responses to their socio-economic context” (Amaeshi et al: 2006) One of the leading telecommunication companies in Nigeria, MTN Nigeria, developed a CSR policy direction document in 2004 in conjunction with a consulting outfit.

The company has since gone ahead to establish MTN Foundation to lead its CSR policy implementation locally. A search for Best Practices in Corporate Social Responsibility by indigenous firms in Nigeria by Dotun Atilade, mentioned that elements of social responsibility include investment in community outreach, employee relations, creation and maintenance of

employment , environmental responsibility, human rights and financial performance.

It is about producing and / or delivering socially and environmentally responsible products and /or services in an environmentally and socially responsible manner while openness, accountability and transparency are some of the new key words covering a vast range of issues. A sustained bench mark for studying CSR practice, as suggested by Moon (2002), emphasizes waves, issues and modes; ‘ waves (1) community involvement (2) socially responsible production process and (3) socially responsible employee relations, issues CSR practices emphasizes e. g. nvironmental , education, employee welfare , health and safety and modes through which they are implemented e. g. philanthropy foundation and codes. The result of these activities has been discovered to be shaped by Nigerian corporate Governance framework and socio-economic conditions as reported in some research on the CSR activities of indigenous companies. The European Union’s Green Paper on CSR defines it as a concept whereby companies integrate social and environment concerns in their business operations and in 028 Univers. J. Mark. Bus. Res. heir interactions with their stake holders on a voluntary base. Mark Maxwell and Siegel (2001) as actions that appears to further some social groups beyond the interest of the firm and that which is required by law while the CSR constructs is a new coinage, it is not a new practice. It could be traced back to such example as the th th Quakers in 17 and 18 Century whose business philosophy was not primarily driven by profits maximization but to add value to the society at large. Business was framed as part of the society and not separate from it.

The resurgent interest in the practice provides a fertile ground for different discourses and actors which lends it to multiple and contested. (Moon, 2002). A common strand that runs through most of these studies suggests that meaning and practice of CSR is social culturally embedded. CSR in Nigeria would be aimed towards addressing the peculiarity of the social economic development challenges of the country (poverty alleviation, health care provision, infrastructure development, structure, education, etc and would be informed by social cultural influences (e. g. communalism and charity).

This might not necessarily reflect the popular western standard/expectations of CSR (e. g. consumer protection, fair trade, green marketing, climate change concerns, and social responsible investments) etc. At Zenith Bank, Corporate Social Responsibility is not just a buzz word; it's a way of life. To emphasize this belief Zenith Bank set up Zenith philanthropy, a fully functional department responsible for identifying areas, sectors and causes of the serving of philanthropic aid. Zenith philanthropy is the channel through which Zenith bank gives back to the society.

Zenith bank sees giving back to society as a serious and passionate cause. Today CSR goes far beyond the old philanthropy of the past donating money to good causes at the end of the financial year, but rather, an all year round responsibility that companies accept the environment around them for the best working practices for their engagement in their local communities and for their local communities and for their recognition that brand names depends not only on quality, price and uniqueness but on how cumulatively they interact with companies work force community and environment.

There are a lot of damages these companies are doing to the environment like local air pollutions such as particulates, and the damage caused by the over-use and pollution of fresh water, the “ social impacts” such as the migration of people driven out of affected areas , the toxic waste heavy waters users like food, drink and clothing companies are releasing into the environment. The aim of this study is to encourage and help investors lobby companies to reduce their environmental impact before concerned governments act to restrict them through taxes or regulations.

The companies can give up the excess profit now, if they want a world in which it's possible to make any money at all, later. If we go on failing to put a price on the environment, we'll make the planet uninhabitable. The entire basis for freedom and for a sound economy is that if you want something, you have to pay for it. And right now, we're not paying for the environment, we're taking from it. What happens when the resources we have effectively doled out for free run out?

We're already getting an idea with the oceans, where CO<sub>2</sub> pollution is making them so acid that it is literally dissolving the shells of shellfish and killing them off. Literally, Nigerian banking industry and telecommunication industry today operate in what can be described as the “ enemy’s territory”, with hardly any identifiable friend in the polity. Everyone has an axe to grind with them, the fact that they are needed to foster individual and collective business growth notwithstanding.

While government sees them as being selfish and responsible for most of the problems of the economy, the regulatory authorities look at them and their

operators with suspicion. To the public, employees of banking industry and telecommunication are privileged, over-pampered and over-paid “ cheats” and “ liars” who thrive at the expense of the rest of the society. Banking industry and the telecommunication industry are seen as making “ huge” profits in a depressed economy. In effect, they are milking the economy dry instead of growing it.

This perception is in fact miles away from the impression of renowned economist of yester-years. They are believed to foster economic growth in any economy. Adams Smith (1910) left no doubt as to what the role of banks in economic growth should be. However, the allegations leveled against banking and telecommunication industries can never be wished away an