

## Corporate Social Responsibility Programme and Development of Host Communities in Enugu State, Nigeria

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### Abstract

In quest for maximum profit, some business organisations neglect the idea of giving back to their host communities (the very foundation upon which their business runs) through Corporate Social Responsibility programmes. Consequently, such private organisations are being confronted with growing criticisms from their host communities for not recognising them as stakeholders in the business, and for neglecting the negative impacts of their business activities on them. Therefore, the broad objectives of this study are: to determine the relationship between private organisations' sponsorship of free public enlightenment campaign programme on how best to keep the environment healthy and the level of public enlightenment on environmental issues in Enugu State, Nigeria; and to assess the relationship between private organisations' free waste management programme and the presence of healthy environment in Enugu State, Nigeria. Survey research design was adopted for the study and Cochran (1963) formula was used in determining the sample size. A total of 475 respondents drawn from the State participated in the study. In testing the research hypotheses formulated in line with the specific objectives, Pearson product moment correlation coefficient statistical tool was applied. The findings indicate the following: first, that there is insignificant correlation between private organisations' sponsorship of free public enlightenment campaign programme on how best to keep the environment healthy and the level of public enlightenment on environmental issues in Enugu State, Nigeria ( $r = .167, n = 475, p = .073 > 0.05$ ); second, that there is a weak correlation between private organisations' free waste management programme and the presence of healthy environment in Enugu State, Nigeria ( $r = .115, n = 475, p = .081 > 0.05$ ). Based on the findings, it is concluded that private organisations operating in Enugu State, Nigeria should be exhibiting commensurate Corporate Social Responsibility activities by implementing developmental programmes that will develop their host communities, and thereby give the inhabitants a sense of belonging.

**Keywords:** Corporate, Social, Responsibility, Development, Communities, Enugu, Nigeria

### Background of the Study

The practice of giving back to society by corporate organisations has been termed differently by scholars in different climes (Griffin 2000, and Hopkins, 2004). Bowen (1953) introduced the idea of social responsibilities of business people in a wider perspective than pure profit-seeking. He was one of the first authors who attempted to define CSR. According to Bowen, CSR is the policies, the decisions, and the actions that align with the goals and values of society. The history of formalized Corporate Social Responsibility (CSR) in Nigeria can be traced back to the

Corporate Social Responsibility (CSR) practices in the oil and gas multinationals. The Corporate Social Responsibility (CSR) activities in this sector are mainly focused on remedying the effects of their extraction activities on the local communities on an ad hoc basis (Amaeshi, Adi, Ogbechie & Amao, 2006). Organizations are supposed to be carrying out different types of corporate social responsibility from making philanthropic donations to establishing volunteer programmes with non-profit organizations to preserving environmental resources to using core competencies to create products or services that help solve social issues (Ivankova, Creswell, and Stick, 2006).

Nigerian companies perceive and practice Corporate Social Responsibility (CSR) as mere corporate philanthropy (Guobadia, 2000). The economic and environmental challenges facing Nigerians are enormous; therefore, Corporate Social Responsibility (CSR) activities cannot be optional in such clime so as to compensate for the government's governance failures and to protect their own business interests.

**Statement of the Problem:** Organizations are being confronted with the challenges of satisfying the needs of their stakeholders which has compelled them to engage in CSR. Stakeholders are now holding corporate firms accountable for the social and economic effects they are having on every community where they are operating. In Nigeria, the issue of corporate citizenship cannot be separated from the social and environmental concern. Poverty in Nigeria, illiteracy, poor infrastructure, bad road network and environmental pollution are possible issues that necessitate the need for organizations to play active role in the society in order to address the problems. If managers ignore the claims that host communities place on their business organizations, the inhabitants are likely to withdraw their support which might impede the performance of those organizations. In other words, it is in managers' self-interest to take host communities claims into account. It is in this regard that this study investigated the relationship between CSR activities and the development their host communities in Enugu State, Nigeria.

### **Objectives of the Study**

- To determine the nature of the relationship between private organisations' sponsorship of free public enlightenment campaign programme and the level of public enlightenment in Enugu State, Nigeria.
- To assess the nature of the relationship between private organisations' free waste management programme and availability of healthy environment in South-East, Nigeria.

### **Hypotheses**

The hypotheses were formulated to achieve the set objectives:

#### **Hypothesis I:**

**H<sub>1</sub>:** No significant relationship exists between private organisations' sponsorship of free public enlightenment campaign programme on how to keep the environment healthy and the level of public enlightenment on environmental issues in Enugu State, Nigeria.

#### **Hypothesis II:**

**H<sub>1</sub>:** No significant relationship exists between private organisations' free waste management programme and the presence of healthy environment in Enugu State, Nigeria.

### **Theoretical Framework**

**Shareholder Value Theory:** Shareholder Value Theory (SVT) or Fiduciary Capitalism holds that the only social responsibility of a business is to make profits and increase the economic value of the company for its shareholders. Other social activities that companies could engage in would only be acceptable if they are prescribed by law or if they contribute to the maximization of shareholder value. This is the theory that underlies neoclassical economic theory, primarily concerned with shareholder utility maximization. The Nobel laureate Milton Friedman is the paramount representative of this view. He wrote, with his wife Rose Friedman: 'In such an economy, there is one and only one social responsibility of business—to use resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competitions, without deception or fraud' (Friedman and Friedman, 1962: 133).

In a famous article published in the *New York Times Magazine* in 1970, Friedman repeated and completed this approach by saying: ‘the only one responsibility of business towards the society is the maximization of profits to the shareholders, within the legal framework and the ethical custom of the country’ (1970). This approach, which currently is presented as ‘shareholder value-oriented’, usually takes shareholder value maximization as the supreme reference for corporate (p. 56) governance and business management.

However, the shareholder model has been cast doubt by scholars. Bowen (1953) introduced the idea of social responsibilities of business people in a wider sphere than pure profit-seeking. He was one of the first authors who attempted to define CSR. According to Bowen, CSR is the policies, the decisions, and the actions that align with the goals and values of society. At the beginning of the twentieth century social performance was linked with the market performance in order for business to create a rich and healthy society. The pioneer of this view was Oliver Sheldon. He encouraged management to take CSR initiative in raising both ethical standards and justice in society through the ethic of economising (1923, cited in Bichta, 2003). By doing so, business provides wealth in society and increases its standard of living whilst retaining a satisfactory level of profit. Based on the results of a survey of international experts in corporate social responsibility and sustainable development, in 1994 John Elkington coined the term ‘triple bottom line’ (Elkington, 1997). In 1995, he also developed the 3Ps formulation, often paraphrased as "Profit, People, Planet", or referred to as "the three pillars". Elkington proposes that an organisation's license to operate in society comes not just from satisfying stakeholders through improved profits (the economic bottom line), but also by improving its environmental and social performance (Elkington, 2004). Today, there is a large consensus regarding the fact that People-Planet-Profit, also known as the triple bottom line are words that should be used and practiced in every organization. Following this three pillars approach, CSR can include economic issues (to make profit), social issues (sensitiveness and respect towards different and changing social and cultural norms and values), environmental issues (to respect the environment and to care for the constant improvement of its condition) or a combination of these three pillars (Garriga et al., 2004).

**Stakeholder theory:** The theory upon which the hypotheses of this study stemmed from is the stakeholder theory; a theory of organisational management and business ethics that deals with principles and values in managing an organisation (Freeman and Phillips 2002; 2003). According to this theory, stakeholders are recognised as the group of people interested in the company's activities (Freeman 1984; Friedman 2007). The originator of the stakeholder concept, Freeman (1984), defined stakeholders as any group or individual who can affect or is affected by the achievement of the organisation's objectives (Freeman, 1984). Recently, Freeman et al. (2004) redefined the term as those groups who are vital to the survival and success of the corporation. The World Business Council for Sustainable Development considered "Corporate social responsibility as the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life" (WBCSD, 1999, p.6). Three stakeholders affected by business activities are employees, customers and communities.

Several authors then referred this stakeholder theory and created some new CSR models. These are Sustainable Development, Stewardship Theory, Triple Bottom Line, DNA of CSR2.0 Model, Practitioner-based model of societal responsibilities, value creation model of CSR and consumer drive corporate responsibility respectively. In order to have a long-term perspective, Stakeholder Theory is further developed as Sustainable Development Theory which is defined by World Commission on Economic and Development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. This definition emphasizes the concept in the balance between present and future dimensions. Hawken (1993) aligns this theory with his argument that business can harm the environment, but on the other hand, business is also crucial to solve sustainability problem of environment.

## **Methodology**

This study used the survey research design approach which enabled the opinions and perceptions of the residents of Enugu State Nigeria, to be elicited regarding CSR activities of private organisations as it relates to the protection of their environment. The data collected was used in testing the hypotheses.

The population of this study comprised of the population of Enugu State Nigeria which is 3,257,298 (2006 Nigeria Population Census). The residents of Enugu state were chosen as the population of the study because they are the recipient of the acclaimed CSR programmes embarked upon by private organisations operating in their area; therefore, the people are in the best position to disclose information to assess these alleged CSR activities. Taro Yameni (1964) formula was applied in determining the sample size which stood at 502 while the cluster sampling technique was used to select the respondents in the State.

The instrument for data collection was 24-item structured questionnaire that were administered to the 504 respondents. The questionnaire was divided into two. Section A of the questionnaire entailed the demographic profile of the respondents while section B contained question items regarding CSR information in the area. The Sections B is 5-point Likert-type scale comprising five response ratings of strongly agree (5), agree (4), disagree (3), strongly disagree (2), undecided (1) which the respondents used in indicating their opinions. A theoretical mean value of 2.5 was taken as a criterion to judge the means for the items in the respective sections. Therefore, any item in the instrument that had a mean equal to or greater than 2.5 was regarded as agree; while items with less than 2.5 were regarded as disagree.

**Method of Data Analysis**

To objectively test the hypotheses formulated, the whole analysis was carried with SPSS (Statistical Package for Social Sciences). Mean and standard deviation were used in analyzing the research questions while Pearson product moment correlation coefficient was used to test the formulated hypotheses.

**Analyses and results:** A total number of 502 copies of the questionnaire were administered to the respondents but only 475 were returned for use. The returned 475 copies of the questionnaire represent 94.6 per cent while the unreturned 27 copies represent 5.4 per cent.

**Descriptive Statistics**

**Table 2: Factor Analysis of CSR Activities’ Effects on the Inhabitants of Enugu State, Nigeria ((n = 502)**

	Mean	Std. Deviation	Decision
Private organizations operating in my area do sponsor free television and radio public enlightenment jingles on environmental issues.	1.4100	1.14177	Disagreed
This enlightenment enables me to understand the dangers of living in an unhealthy environment.	2.3100	1.17761	Disagreed
These private organizations operating in my area usually provide us with with waste disposal materials such as garbage can.	2.4300	1.12825	Disagreed
I can say that I enjoy a clean environment because of the kind gesture of these organisations operating here.	2.1700	1.07821	Disagreed
These business organization ensure that their activities do not make this environment unhealthy.	2.4700	1.16821	Disagreed

Source: Researcher’s computation, 2017.

**Test of Hypotheses**

To objectively test the hypotheses formulated, the whole analysis was carried out with SPSS (Statistical Package for Social Sciences). Pearson Product Moment Correlation Coefficient was used to test the formulated hypotheses.

**Hypothesis I:**

**H<sub>1</sub>:** No significant relationship exists between private organisations’ sponsorship of free public enlightenment campaign programme on how to keep the environment healthy and the level of public enlightenment on environmental issues in Enugu State, Nigeria.

**Table 4.2: Correlations**

	Enlightenment Campaign	Public Enlightenment Level
Enlightenment Campaign	Pearson Correlation	1
	Sig (2-tailed)	.167
	N	475
Public Enlightenment Level	Pearson Correlation	.167
	Sig (2-tailed)	.073
	N	475

\*\*Correlation is significant at the 0.05 level (2-tailed).

Source: Researcher’s computation, 2017.

Table 4.2 result indicates that there is a weak correlation between private organisations’ sponsorship of free public enlightenment campaign programme on how to keep the environment healthy and the level of public enlightenment on environmental issues in Enugu State, Nigeria ( $r = .167, n = 475, p = .073 > 0.05$ ). Therefore, the alternative hypothesis is rejected while the null hypothesis is accepted which says that no significant positive relationship exists between private organisations’ sponsorship of free public enlightenment campaign programme and level of public enlightenment in Enugu State, Nigeria.

**Hypothesis II:**

**H<sub>1</sub>:** No significant relationship exists between private organisations’ free waste management programme and the presence of healthy environment in Enugu State, Nigeria.

**Table 4.3: Correlations**

	Free Waste Management	Healthy Environment
Free Waste Management	Pearson Correlation	1
	Sig (2-tailed)	.115
	N	475
Healthy Environment	Pearson Correlation	.115
	Sig (2-tailed)	.081
	N	475

\*\*Correlation is significant at the 0.05 level (2-tailed).

Source: Researcher’s computation, 2017.

Table 4.3 result reveals that there is a weak correlation between private organisations’ free waste management programme and availability of healthy environment in Enugu State, Nigeria which was statistically *insignificant* ( $r = .115, n = 475, p = .081 > 0.05$ ). Therefore, the alternative hypothesis is rejected while the null hypothesis is accepted which says that no significant positive relationship between private organisations’ free waste management programme and availability of healthy environment in Enugu State, Nigeria.

## **Discussion of Findings**

Test result from hypothesis one and hypothesis two indicated that weak and insignificant correlation exist between private organisations' CSR activities and the development of their host communities in Enugu State, Nigeria. This finding shows that private organisations operating in Enugu State, Nigeria disregarded the stakeholder theory by Freeman (1984) which states that companies need to adequate pay attention to non-financial constituencies such as consumers, employees and local communities. Therefore, it is very safe to say that companies operating in Enugu State aligned with the shareholders theory and the neo-classical profit maximization theory which says that there is one and only one social responsibility of business is to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game. According to the profounder of this theory (Friedman, 1970), managers should increase the company's wealth, rather than the stakeholders' interest. Friedman's (1982) view was that, in a capitalist economy, the only responsibility of business is to use its resources to engage in activities designed to increase its profits, as long as these activities are undertaken without deception or fraud. Neo-classical economic arguments suggest that managers should make decisions that maximise the wealth of the company's equity holders.

In supporting CSR activities, European Union's Green paper on CSR opines that companies should integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis (Green paper promoting a European Framework for Corporate Social Responsibility, 2001). The European Foundation for Quality Management (EFQM) (2004) posits that there are three dimensions of CSR. These are social, environmental and economic. The social responsibilities entail training and developing local labour, contributing expertise to community programmes, human rights, labour rights, among others. The environmental responsibilities involve precautionary approaches to prevent or minimize adverse impacts, support for initiatives promoting greater environmental responsibility, developing and diffusing environmentally friendly technologies.

## **Conclusion**

Private organisations operating in Enugu State, Nigeria do not engage in Corporate Social Responsibility programmes such as free public enlightenment campaigns and environmental protection initiatives. This private organisations' poor attitude towards CSR activities is capable of negatively impacting on the companies' performance as it will breed hatred from the host communities over time.

The environmental responsibilities of private organisations involve precautionary approaches to prevent or minimize adverse impacts, support for initiatives promoting greater environmental responsibility, developing and diffusing environmentally friendly technologies. This is quite important because the quest for profit has made many corporations to turn blind eyes to the hazardous effects of their corporations' activities on the environment. Organizations are expected to adopt CSR willingly and not wait to be compelled by legal requirement.

## **Recommendations**

Having discussed the findings extensively, and drawn some conclusions therein, the following recommendations are made:

1. Private organisations operating Enugu State, Nigeria should assist their host communities in sponsorship free public enlightenment campaign programmes in the media on how best to enhance and sustain a healthy environment.
2. Adequate concern should be shown by private organisations operating in Enugu State, Nigeria through CSR activities in area of waste management by providing free waste management materials.

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