

Examining Corporate Social Responsibility for Sustainability in the Nigerian Built Environment

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Abstract

Corporate Social Responsibility (CSR) refers to several ways in which an organization operates and carries out its activities in any given location that positively affects the welfare of its employees, the community, the environment and the society as a whole. CSR aims to embrace responsibility for corporate actions and to encourage a positive impact on the environment and stakeholders. In construction, the host communities are normally given priority since it is within their locality that such operations are being carried out and these operations have significant impact on their environment and livelihoods. It is crucial to the future of such companies to be socially responsible in their policies and activities. This study assessed the importance of CSR in achieving sustainability in the Nigerian construction industry. The research methodology employed was a survey of selected construction companies in Jos and Abuja cities respectively. The data collection tool was through questionnaires administered in selected companies. The findings were that the top management was largely responsible for decision making concerning CSR. All construction companies are aware of the importance of CSR and 60.5% have it in their policies and activities. The study found out that the top four drivers of CSR by the respondents are profitability, reputation, brand image and access to new markets for the progress of the construction companies. It also found out that the top six ranked benefits of CSR by the respondents are corporate involvement in community education, employment and homelessness programmes, greater use of renewable resources, charitable contributions, increased sales and customer loyalty, reduced cost of chain supply management and lower operating costs. Thus the productivity and longevity of construction companies is largely dependent on their learning capabilities to integrate CSR principles into their mainstream strategies and core competencies. The research concluded with recommendations for companies to voluntarily carry out CSR as a civic responsibility to its staff and the affected communities.

Keywords: Corporate Social Responsibility, Sustainable Development, Built Environment, Construction Industry

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Background to the Study

Corporate Social Responsibility in the construction industry is multifaceted and construction companies can promote socially responsible behavior in various ways as they have a significant impact on the communities in which they operate. Metcalf (2015) has noted that well-designed houses can improve the quality of life, which in turn promotes good health. Responsible design and construction affects all stakeholders - employees, suppliers, home buyers, communities and even the government.

The World Business Council for Sustainable Development (2000) has defined Corporate Social Responsibility as the continuing commitment by businesses to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as that of the local community and society at large (WBCSD, 2000). Corporate Social Responsibility (CSR) presents itself when companies contribute positively to the environmental, economic and social development of their host communities through the carrying out of their business operations and interactions with their stakeholders in a responsible manner.

Traditionally, concerns have only been focused on minimizing the negative environmental impact of construction activities, but this has now extended into the wider remit of Corporate Social Responsibility (CSR). Essentially, this means that businesses must act (albeit voluntarily) in a socially ethical manner by developing a policy that encompasses the core principles enshrined by CSR (Murray and Dainty, 2008). In Nigeria, CSR has not been a priority on the business agenda because it is thought that CSR is too expensive. There is also little outside pressure on companies to encourage them to take any initiative with respect to CSR. Lack of government control and involvement is also a reason for CSR having a lower priority. However, business involvement in CSR would enhance companies' reputations and build trust among the public (Olanrewaju, 2012).

The construction process, right from planning and design to use and demolition, has a major impact on society (Murray and Dainty, 2008). Activities such as site development, waste handling, material production and transportation directly and indirectly affect its customers, suppliers, employees, and host community.

The purpose of this paper is to demonstrate that with the proper implementation of Corporate Social Responsibility (CSR), Sustainability in construction can be achieved in Nigeria.

Characteristics of CSR

The European Foundation of Quality Management (as cited in Richard and Okoye, 2013) presents some common characteristics for CSR as follows:

- i. Meeting the needs of current stakeholders without compromising the ability of future generations to meet their own demands.
- ii. Adopting CSR voluntarily, rather than by legal requirement, because it is seen to be in the long term interest of the organization.

- iii. Integrating social, environmental and economic policies (sustainability) in day-to-day business.
- iv. The three dimensions of sustainability with specific examples of areas particular to each dimension are:
 1. Economic Responsibility: Integrity, corporate governance, economic development of the community, transparency, prevention of bribery and corruption, payments of nationals and local authorities, use of local suppliers, hiring local labor and similar areas.
 2. Social Responsibility: Human rights, training and developing local labour, contributing expertise to community programs and similar areas.
 3. 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.

CSR, Sustainability and the Construction Industry

The construction industry has a major effect on sustainable development. Not only does it have some of the biggest direct effects on water, resources, land use, and greenhouse gas emissions (Pitt, Tucker, Riley and Longden, 2009), and indirect effect on the environment by affecting transport systems, but it also affects communities and the public. The built environment affects major facilitators and contributors to the overall economy. Consequently, the construction sector has major impacts on all the three pillars of sustainable development: environment, society and economy (Warnock, 2007).

Du Plessis (2007), in a study of sustainable construction in developing countries, argues that construction activities have four layers, in which effects on humans and the environment vary in extent and occurrences. The four layers are:

- i. Site activity
- ii. The comprehensive project cycle
- iii. Everything related to the business of construction, and
- iv. The broader process of human settlement creation.

Spence and Mulligan as cited in Martinuzzi, Kudlak, Faber and Wiman (2011) gave a comprehensive overview of all environment impacts resulting from the construction industry. They are:

1. Use of fossil fuels - due to energy use for the production and operation of buildings; the use of energy in the production phase represents only about 10 – 15% of the total lifetime energy use.
2. Atmospheric pollution - the construction sector is responsible for a large amount of atmospheric pollution resulting from fossil fuel consumption and cement manufacturing. Manufacturing of building materials contributes 8-20% of the total carbon dioxide emissions of the construction sector. The construction sector also contributes to the creation of the ozone depleting gases.

3. Loss of soil and agricultural land - activities of quarrying and mining, urbanization, road building, civil engineering projects.
4. Loss of forests and natural habits.

Emergence of CSR in Nigeria

Corporations around the world are struggling with a new role, which is to meet the needs of the present generation without compromising the ability of the next generation to meet their own need. Organizations are being called upon to take responsibility for the ways their operation impact societies and the natural environment. They are also asked to apply sustainability principles to the ways in which they conduct their business. It is no longer acceptable for the corporation to experience economic prosperity in isolation from those agents impacted by its actions. A firm must now focus its attention on both increasing its bottom-line and being a good corporate citizen. Keeping abreast of global trends and remaining committed to financial obligations to deliver both private and public benefits have forced organizations to reshape their framework, role and business models. Nigeria is not entirely left behind in this pursuit. To understand and enhance current efforts, the most socially responsible organizations in Nigeria continue to re-use their short and long term agendas, to stay ahead of rapidly changing times. The quality of relationships that a company has with its employees and other key stakeholder such as customers, investors, supplier, public and government officials, activists and communities is critical to its success, as is its ability to respond to competitive conditions and CSR. The major transformations require the Nigeria construction industry to approach this in terms of sustainable development (D'Amato, Henderson and Sue, 2009).

CSR has been emphasized by stakeholders as a driving tool for success to be accomplished. It has become an increasing evident and crucial component of overall performance of business organizations. Conscious of this concept, ordinary citizens, potential investors, pressure groups, politicians, insurance companies and a wide range of other stakeholders are increasingly demanding for organizations to account for the social, natural environment and economic impacts that they have on every community in which they operate (Nwachukwu, 2006).

The multinational enterprises have been in existence in Nigeria since 1957. But it was not until the 1990s, following the Ogoni crisis that the corporations and the government of Nigeria paid special attention and recognition to CSR in the country. Currently, efforts are being made to discuss making a specific law which caters for CSR. However, it can be argued that there are several Nigeria legislations that incorporate within their provisions, certain expectations that directly or indirectly regulate the observance or practice of CSR. For instance, Section 279 (4) of The Companies and Allied Matters Act 1990, points out that 'the director of a company' is to have regard in the performance of his functions and this includes the interests of the company's employees in general as well as the interests of its members. Note that companies in Nigeria are not in any way precluded from carrying out social responsibilities towards the environment. What they will be expected to do is to ensure that such intended social friendly policies are embedded in their Articles and Memorandum of Association (Mordi, Opeyemi, Tonbara and Ojo, 2012). In order to reinforce responsible behaviours, various laws have been

put in place for the protection of the environment. These laws stipulate criminal sanctions for non-compliance as opposed to voluntary adherence.

Examples of these laws include:

- i. National Environmental Standards and Regulations Enforcement Agency (Establishment) Act 2007. This act provides for the standards of compliance with environmental protection. It also provides for offences and corresponding punishment as it relates to the environment.
- ii. Harmful Waste (Special Criminal Provision Act). This act prohibits the carrying, depositing and dumping of harmful waste on any land, terminal waters and matters relating thereto.

In spite of these stipulated laws and sanctions, the challenge for the Nigerian state has been enforcing such laws. Currently, there is a bill on CSR which is presently before the Nigeria National Assembly. The CSR Bill seeks to establish the CSR commission. The commission will see to the formulation, implementation, supervision and provision of policies and reliefs to host communities for the physical, material environmental or other forms of degradation suffered as a result of the activities of companies and organizations operating in these communities. The bill, if passed will be a welcome development and indeed a great reformation of the practice of CSR in Nigeria helping in firmly establishing corporate ethnics among the firms in Nigeria.

Methodology and Results

Sixty questionnaires were sent out to top management staff of selected notable construction firms located in Abuja and Jos. Thirty-eight were returned and used for analysis. Table 1 shows the summary of the distribution and response rate by the companies.

Table 1: Response Rate of Respondents

S/N	Companies	Number Distributed	Number Returned	Percentage Returned
1.	Moulds Nig. Ltd	5	4	10.53
2.	SETRACO	7	5	13.16
3.	BNL (Bouygues Nig. Ltd)	5	2	5.26
4.	Ladisgold	4	1	2.63
5.	RicRock Construction	5	2	5.26
6.	P.W.	5	4	10.53
7.	Julius Berger	3	4	10.53
8.	Manifold & Energy Services	2	1	2.63
9.	Eagle Construction	3	1	2.63
10.	Pavlick Construction	2	1	2.63
11.	Wei-Ham Projects	2	2	5.26
12.	Yamiza Ltd	2	1	2.63
13.	Gilmor	5	4	10.53
14.	Gitto Construction	5	3	7.89
15.	Reynolds Construction Company (RCC).	5	4	10.53
	Total	60	38	100%

Source: Author's Dissertation M.Sc. Report (2015)

Results were presented in simple percentages. On the appraisal of CSR in company's profile, results shows that about 92% of the respondents have CSR entrenched in their code of conduct and 61% also have it as a policy thrust. Furthermore, 91% of the respondents claim to be aware of government regulations on CSR with an insignificant rate of 9% being not aware. On the other hand, about 40% of the respondents have fears that CSR maybe suffering implementation due to high handedness of company owners. This suggests non-inclusiveness of stakeholders of the built environment in the implementation process, which could cause a significant setback. Using the relative index (RI), a ranking of four (4) top drivers of CSR in Nigeria was revealed; Profitability, Reputation, Brand Image and New markets (see table 2). Likewise, top four (4) benefits of CSR were determined by the respondents as Community Education, Employment, Use of Renewable Energies and Charitable Contributions amongst others (see table 3).

Table 2: Drivers of CSR in Nigeria Construction Companies

DRIVERS	1	2	3	4	Sum	Relative index (RI)	Rank
Competitive advantage	6	1	2	5	34	0.22	8
New market	12	3	3	5	47	0.31	4
Cost saving s	6	1	5	3	35	0.23	6
Increase productivity	6	0	1	8	41	0.27	5
Profitability	15	3	14	3	75	0.49	1
License to operate	6	4	0	4	30	0.20	11
Attracting and retaining employees	7	3	1	0	16	0.11	15
Securing long term viability in the market place	6	1	2	2	22	0.14	14
General business improvement	7	0	6	2	33	0.22	8
Industry trends	7	1	0	2	17	0.11	15
Reputation	23	6	3	6	68	0.45	2
Increased customer loyalty	6	1	6	2	34	0.22	8
Customer demand	6	1	3	0	17	0.11	15
Pressure from NGOs	6	2	2	0	16	0.11	15
Brand Image	15	14	0	6	67	0.44	3
Access capital	6	2	4	2	30	0.20	11
Closer supplier relationships	6	1	3	0	17	0.11	15
Risk management	6	1	5	3	35	0.23	6
Shareholder demand	6	7	1	1	27	0.18	13

Source: Author² Dissertation M.Sc. Report (2015)

Table 15: Benefits of CSR

Benefits from CSR Activities	1	2	3	4	SU M	Relative Index	Rank
Corporate involvement in community education	3	12	6	14	101	0.66	1
Greater use of renewable resources	0	3	26	0	84	0.55	2
Charitable contributions	3	15	11	0	66	0.43	3
Reduced cost of supply chain management	0	3	3	12	63	0.41	4
Increased sales and consumer loyalty	0	3	15	3	63	0.41	4
Greater material recyclability	0	6	0	12	60	0.39	6
Product safety and quality	0	3	12	3	54	0.36	8
Reduced cost of recruitment	3	3	15	0	54	0.36	8
Improved brand image and reputation	0	0	4	10	52	0.34	10
Long term viability in the market	0	1	1	11	49	0.32	11
Employee volunteer programmes	12	3	3	3	39	0.26	12
Risk Reduction	1	0	7	4	38	0.25	13
Work force diversity	3	12	3	0	36	0.24	14
Increased productivity and quality	0	0	2	6	30	0.20	15
Cost savings	0	1	1	6	29	0.19	16
Better product durability and functionality	1	0	6	2	27	0.18	7
Improving financial performance	1	0	6	2	27	0.18	17

Source: Author² Dissertation M.Sc. Report (2015)

Conclusion

The principles of CSR practiced in the Nigerian construction industry are: Sustainability, Accountability and Transparency. The drivers of CSR amongst which are profitability, reputation, brand image and new markets are key issues to the growth of construction companies. While the barriers are: lack of unsupportive reward structures, lack of upward movement of initiatives and short term projects overriding long term strategies. The benefits of CSR are to the construction companies and to the host communities where these companies operate. This means that when CSR is achieved, the three pillars of sustainability (social equity, economy and environment) are equally achieved.

Recommendation

A deliberate strategy for ensuring sustainable development in the construction subsector of the economy is the mandatory implementation of a detailed Environmental Impact Assessment (EIA) of major construction projects. Enactment of environmental by-laws to mitigate negative impacts on the environment as the result of construction activities is vital. Noise, vibrations, dust pollution, fossil fuels, destruction of the habitat, erosion, flooding, landslides and other ecological resources are impacts that are of interest.

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