

## CORPORATE SOCIAL RESPONSIBILITY PRACTICES AND RURAL DEVELOPMENT IN NIGERIA

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### **Abstract**

Corporate Social Responsibility (CSR) is the commitment of business to contribute to sustainable economic development by working with employees, their families, the local community and society at large to improve their lives in a way that is good for business and for development. Caring for the community is an essential component of CSR. CSR gained prominence in Nigeria in the 1990's with the internationalization of the conflict between oil and gas companies and their host communities. This paper seeks to study and understand how corporate enterprises are using CSR initiatives, problems of Corporate Social Responsibilities and the impact of its actions on the socio- economic development of rural areas in Nigeria. The methodology of the study relied on the secondary data and web -based research. The paper concluded that corporate entities have contributed significantly to rural development in Nigeria through their CSR interventions.

*Keywords: Corporate Social Responsibility, Rural development,  
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### **Background to the Study**

In the age of Global Economy, the corporate are beginning to realize the stake that they have as a part of the society. There is growing realization that they should undertake social activities with a desire to improve upon the immediate environment where they work. There is growing concern among the society as well to purchase those goods and services which are backed by those companies which are involved genuinely in the social responsibility. By social responsibility we mean that the doctrine that claim that an entity whether it is state, government, corporation, organization or individual has a responsibility towards society at large.

The commission of the European communities (2001) stated that being socially responsible mean not only fulfilling legal expectations, but also going beyond compliance and investing more into human capital, the environment and the relation with stakeholders. According to the World Bank, CSR can be broadly defined as “the commitment of the business to contribute to sustainable economic development by working with employees, their families the local community and society at large to improve their quality of life. The meaning of CSR is twofold, on one hand it tends to exhibits the ethical behavior that an organization exhibits towards its internal and external stakeholders. On the other hand, it denotes the responsibility of the organization towards the environment and society in which it operate. CSR is thus regarded as a vehicle through which companies give something back to the society and off course it involve providing innovative solutions to the societal and environmental challenges.

Meaning thereby that there is a challenge for develop professional and business community to identify CSR priorities and area of intervention which are meaningful in the context of rural development sector. Major part of the Nigerian's poorest people live in villages and these villages are in a state of neglect and underdevelopment with impoverished people. The difficulties of hunger, ignorance, ill health, high mortality and illiteracy are most acute in rural areas. This is not only because of shortage of material resources but also because of flaws in our planning process and investment pattern. Nigeria has the capabilities to meet these challenges in rural areas.

However, the efforts of Governments of Nigeria may not be adequate to provide basic services to its citizens. It is being increasingly recognized that progress and welfare of a society is not only the responsibility of the Government alone, but many more participants need to be involved to attain the developmental goal. The corporate sector has a pivotal role to play in ensuring private investment flows to those rural areas that have been excluded of the development process so far and also to work for sustainable development of rural areas in general.

Therefore, this paper tries to study and understand how corporate enterprises are using CSR initiatives the problems and the impact of CSR actions on socio-economic development of people in rural areas in Nigeria.

### **Objectives of the Study**

- i. To assess the CSR initiatives being taken by organisations for rural development in Nigeria.
- ii. To find out the Problems of Corporate Social Responsibility in Nigeria
- iii. To assess the impacts of CSR actions on socio-economic development of rural Nigeria.

### **Conceptual Framework**

#### **Concept of Corporate Social Responsibility**

According to Abefe-Balogun (2011), Corporate social responsibility is a concept that has become quite familiar in the world-of-business today. There are different perceptions of the concepts among the private sector, government and civil society organizations. Charles (2010), reports that the concept of corporate social responsibility has been developing since the early 1970s. There is no single commonly accepted definition of corporate social responsibility. Perspective on CSR in Charles' view may cover the following areas:

- i. A company waning its business responsibly in relation to internal stakeholders (shareholders, employees, customers, supplier and community)
- ii. Business performance as a responsible member of the society in which it operate and the global community.
- iii. The role of business in relation to the state, locally and nationally as well as to interstate institutions or standard.

The first perspective includes corporate governance, product responsibility, employment conditions, workers rights, training and education. The second perspective is multilayered and may involve the company's relations with the people and environment in the communities in which it operates, and those to which it exports. The third includes corporate compliance with relevant legislation, and the company's responsibility as a tax payer, ensuring that the state can function effectively. Too often, attaining corporate social responsibility is understood from the perspective of business generosity to community projects and charitable donations, but this fails to capture the most valuable contributions that a company has to make. In general sense social responsibility is seen as the deposition of organizations to exhibit a 'missionary' rather than a 'mercenary' attitude to the society or environment in which they operate.

To Wikipedia (2011), CSR is “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 the local community and society at large; It is one of the newest management strategies where companies try to create a positive impact on society while doing business”. CSR connotes a company humane attitude and social conscience towards its environment. Every company has its corporate responsibility and should be able to define them within the context of its operations. It is in the light of this that an oil company for example be expected to build roads, hospital and apply pollution control measures for the communities in its oil producing zones.

Here it is believed that the measure of a company social responsibility is the extent to which it undertakes such scheme by itself with little or no pressure from the government or the community. Its goal is to embrace responsibility for the enterprises' actions and promote efficient impact through activities on the host-communities, workers, consumers, stakeholders and other members of the public in particular and the environment in general. Many companies have impacted to the lives of Nigerians and have improved the growth and development of the country.

### **Corporate Social Responsibility and Rural Development**

The contribution of Corporate Business Entities (CBEs) to social development in the country can be categorized into two, namely contributions that are mandatory arising from laws of the land and contributions that are largely voluntary. CBEs are made to contribute to Education Tax Fund (ETF) (Federal Republic of Nigeria, 1998), the Niger-Delta Development Commission (NDDC) (Federal Republic of Nigeria, 2000) and Small and Medium Enterprises Equity Investment Scheme (SMEEIS). In addition, CBEs are also being requested to voluntarily contribute to the Agricultural Credit Guarantee Scheme Fund (ACGSF) (Mafimisebi, et. al, 2010).

Abefe-Balogun (2011) noted that contributions of CBEs to social development in Nigeria, that is, their CSR efforts, are varied, covering every sector of the Nigerian economy. These range from support for infrastructure development in education, health, electricity and roads to provision of scholarships, vocational training and drugs/consumables for hospitals. In recent times, sponsorship of sporting programs has also become common. CSR activities by CBEs in the Niger-Delta continue to be a major point of public discussion and assessment because of the low level development of the region and the region's contribution to foreign exchange earnings in Nigeria.

Other organizations that are contributing to social development in Nigeria through CSR include Faith-based organizations (FBOs); and Local and International Non-Governmental Organizations (NGOs). The sphere of participation of FBOs in social development includes education, health and agricultural development. The Catholic Church in Nigeria continues to play major roles in providing educational services at primary and secondary levels.

In addition, the church is also active in providing vocational training thus emphasizing its contributions to capacity building of Nigerians at the low to middle manpower levels. The church has also been contributing to provision of services in the health sector over the years. Other FBOs contributing to provision of educational services in Nigeria include the Anglican Church, the Baptist Church, the Christ Apostolic Church, the Seventh Day Adventist Church, ECWA and some sects of the Islamic faith in Nigeria. In the agricultural sector, ECWA has been a major contributor. It has been running an agricultural development project in the middle belt of Nigeria for several years.

Some local NGOs have been filling some of the gaps in the socio-economic development of Nigeria by complementing government efforts in the areas of health, education and

agriculture. The Leventis Foundation, for example, provides agricultural education with a view to empowering trainees to become self-employed farm entrepreneurs. It runs a training institute each in Osun and Kaduna States.

Other Organizations such as British American Tobacco Nigeria Foundation, Cadbury Nigeria Plc, GlaxoSmithKline Nigeria, MTN Foundation, Nigeria NLG Ltd, Shell Petroleum Development Company (SPDC) etc are actively involved in rural community development (NNF, 2007). Most of the CBEs' CSR interventions, which are largely tilted towards the rural areas in Nigeria, could be classified under rural development.

### **Empirical Review**

Corporate Social responsibility is predominantly considered as Western phenomena due to strong institutions, standard, and appeal systems which are weak in developing countries of Asia (Chaple and Moon, 2005). Such a weak system poses considerable challenge to firms practicing CSR in developing countries like Nigeria. The literature on theory and practices on CSR in the developing countries remain scant (Belal, 2001); which Nigeria is one of them.

Akinyomi (2013) studied Survey of corporate social responsibility practices in Nigerian manufacturing sector. The study examined the practice of corporate social responsibility by manufacturing companies in Nigeria. It employed survey research design to study 15 randomly selected companies in the food and beverages sector. A total of 225 questionnaires were administered to collect data. Data analysis revealed that CSR is a familiar concept in the sector as most of the companies do engage in CSR activities regularly.

In Verma and Chauhan (2007) conducted research on Corporate Social Responsibility: Impetus for rural development in India. Ten public and private companies were used to study their CSR practices in the contest of rural development. The methodology of the study was relied on the web based research, review of print literature. It was found that roads, pollution and power are the major concern of corporate CSR activities as compared to least concern areas which is communication and education. Contrary to it in a study by Dutta and Durgamohan (2009), it was found that education takes the first place followed by health and social cause. Sazzard (2014) studied on corporate social Responsibility: A tool for marketing and development of rural India. The objective of the paper was to explore corporate social responsibility practices in the context of rural development. The methodology was relied on web based research. It was discovered that CRS actions have positive impact not only on development of rural India but also in their business.

Adeyemo (2013) investigated on An Evaluation of factors Influencing Corporate Social Responsibility in Nigerian Manufacturing Companies. Multiple regressions were used to analyze the data with the aid of SPSS version 20. The result identified factors that influenced CSR practices as competition, employees demand, government policy, organizational culture, and customer demand and recommended that organizations should see social performance as an enlightened self-interest and should therefore handle

it with a great concern Environics International (2001) conducted a 20 country survey and found that India is the last in the level of CSR demanded from companies in any country. Similar survey was also conducted by the British Council (British Council et al., 2002) reveals that a lack of provable link between CSR and firm performance often discourage companies from engaging in CSR.

In a Study by Krishna (1992), it was observed that obstacle to CSR are found to be ad hoc approach by the top management towards CSR, lack of consensus on priorities within the firm, and problem related to measurement and evaluation of CSR activities were some of the obstacle identified. Khan and Atkinson (1987) did a comparative study on managerial attitude to social responsibility in India and Britain reveals that most of the Indian executives agreed CSR as relevant to business and felt that business has responsibilities not only to shareholders and employees but also to customers, suppliers, society and the state.

### Methodology

Secondary data were used for this study. The data were collected from *the web also through* review of reputed authors published in national and international journals etc. and discussion with the team engaged in the CSR initiatives

### Findings

#### Corporate Social Responsibility interventions in Nigeria

According to Adegboyega and Taiwo (2011), the following are Corporate Social Responsibility interventions in Nigeria:

**Table 1. Corporate Social Responsibility interventions in Nigeria**

SECTORS	INTERVENTIONS
Agriculture	Provision of extension services Input supply Capacity building
Water and sanitation	Provision of portable water Provision of sanitation
Health	Provision of infrastructure and equipment Delivery services Supply of drugs
Education	Provision of infrastructure and equipment Delivery services Supply of drugs
Capacity Building and economic Empowerment	Apprenticeship and economic empowerment programs Vocational training
Other infrastructures	Roads Electricity market

### **Problems of Corporate Social Responsibility in Nigeria**

Despite the glaring deficiency in government service provisions some business organizations claimed ignorance and do nothing while those doing the right thing are not encouraged by the government as to motivate others not to relent. Militating problems on CSR include insecurity resulting from persistent violent conflicts, unemployment, religion intolerance, ethnics' agitation and multiple crises; corruption, poor focus on goals attainment, poor governance, especially degrading state of infrastructural development and maintenance and of cause natural disasters such as fire outbreak, droughts and floods.

Nwachukwu (1992) affirms that many factors account for the apparent neglect of corporate social responsibilities by Nigerian organizations for the development of the nation. Such problems among others include:

1. The lack of professionalism in management style. Many Nigeria managers do not perceive social responsibility as one of the key functions of management. The managers lack social skills to deal with social matters.
2. Many Nigerian enterprises are very small in size and their financial strength precludes the consideration of social responsibility as a task that must be seriously considered. Some of the other large companies are owned by foreign firms whose main pre-occupation is profit maximization. Some of these firms see social responsibility as a patriotic gesture best undertaken by indigenous businessmen to help their country.
3. Involvement in social activities could adversely affect the economic health of a business enterprise. It is contrary to the basic function of the business. For example business enterprise may want to maximize profit or maximize market share which is the objective of the organization. Many companies involve themselves in social activities because of the tax exemptions or the income spent on special purposes. Corporate Social Responsibility process is "routinely being abused because of the scramble for maximizing profits. From oil multinationals, telecommunication giants, to the banking sector, it has become en vogue to engage in highly publicized charitable and philanthropic ventures as an act of CSR to replicate the abused public.

And that more often than not, many approaches to CSR pit businesses against society, thereby emphasizing the cost and limitations of compliance with externally imposed social and environmental standards," said Chiejina (2011).

### **The Impact of CSR actions on Socio-economic Development of Rural Nigeria**

In Orji and Awortu (2015), it has been noted under the explication of concepts that corporate social responsibility emanated from business organizations that partner with official administrations to play developmental roles in their host communities. This

situation often arises where in most cases, the government is lagging behind whereas in industrialized polities, CSR's only complement official dispositions. Very recently, the concept of local content provides that multinational corporations working in any given host community must ensure that the indigenes are engaged in junior staff recruitment, in addition to harnessing any raw materials that could be sourced from within the immediate environment.

The application of corporate social reasonability covers human capacity building, employment opportunities, the provision of basic amenities and infrastructural facilities such as road construction, building of schools, provision of potable water, electricity, the award of scholarships to indigent students, construction of recreational facilities, provision of healthcare facilities at primary, secondary and tertiary levels, etc.

Dangana (2012:117) in Orji and Awortu (2015) enumerates key institutions and organizations that have adopted CSR practices in Nigeria. Worthy of note is Shell Petroleum Development Company (SPDC) that donated a US \$1 billion to the flood victim of 2012, SPDC also has a scholarship scheme for student in secondary school and tertiary institution in their host communities. It is on record that SPDC under its health-in- motion programme since 2008 provides medicare for her host-communities at Ebubu, Nchia, Ogale, Agbonchia, Onne, Eteo and Akpajo in Rivers State and provide medical assistance in about twenty seven hospitals in Niger Delta.

On the whole, over 9,200 individuals received medical attention with the following breakdown: 1,226 patients received dental extractions, 1210 pairs of glasses were distributed, 1939 person were screened for HIV, 1275 underwent blood sugar testing, 476 persons were tested for malaria, 103 females were screened for cervical cancer while 61 surgeries were conducted with lots more (Daily Trust Newspaper of Tuesday, August 7, 2012). SPDC is committed to the development of its host communities. Other multinational corporations, the Total Fina (ELF), Exxon Mobil Unlimited, Nigeria Agip Oil Company and their subsidiaries are involved in CSR related projects. Some government parastatals like the Kaduna Refinery and Petrochemical Company also embark on CSR related projects as it is on record that they (i.e the Kaduna Refinery on 18<sup>th</sup> October, 2012 doled out sixty thousand books to Rido community, its host.

Similarly Paterson Zuchonis (PZ) Cussons Plc, has embarked on a viable CSR projects namely the donation of a borehole to Oworo Community in Felele area of Lokoja, the construction of a health centre in Isanlu, Kogi State commissioned on 20<sup>th</sup> April, 2011 donation of a generator with a generate house at Hay Banki and Kawo all in Kaduna metropolis on October 20, 2009 and same to Bundu Ama, a waterside settlement in Port Harcourt on 4<sup>th</sup> February, 2010 and lots more.

The telecommunication industry is not left out as MTN Foundation donated relief materials worth millions of naira to victims of the 2012 flood disaster in various parts of the country. It has also provided scholarship worth #200,000 each to blind students in different Universities, Polytechnics and College of Education spanning the six geo



political zones of the country. The Daily Trust Newspaper of Wednesday 5<sup>th</sup> September, (2012) revealed that MTN foundation denoted sixty well equipped security patrol vans with the state of the art communication gadgets to eleven state governments of Akwa-Ibom, Anambra, Bauchi, Delta, Imo, Kano, Katsina, Ogun, Oyo, Plateau, Taraba and FCT Abuja. Some CSR feats have been accomplished, other organizations like The First Bank, Zenith Bank, Union bank, Diamond Bank etc, the Nigeria Liquefied Natural Gas Company, Dangote Group of Companies, Cadbury Nigeria Plc, Unilever Plc, Samsung West Africa, Inter-alia.

### **Conclusion**

Corporate entities have contributed significantly to agricultural and rural development in Nigeria through their CSR activities. Their activities are however tilted towards rural development given the prominence of rural infrastructure in their CSR interventions. They have contributed to filling the gap where governments have not been able to do enough. Despite many challenges, the scope of their CSR activities include provision of extension services, agricultural inputs; and potable water, educational, roads, electricity, markets and health infrastructure.

### **Recommendations**

The following submissions are made:

- I. There must be grass root consultation to determine where and which type of project must be provided.
- II. CSR projects must be geared towards self-reliance. This tallies with the suggestion proffered by Usman (2012:45) that self employment is a key factor to the elimination of rural poverty with the implication for national development.
- III. Defaulting organizations in CSR should be sanctioned while cooperating ones must be encouraged to be more reliably responsible to sustain their support for the less privileged in the society
- IV. Organizations and individuals should take CSR as a profit re-invested in the business to ensure commitment to business survival, profitability and continuity.
- V. The three tiers of government should play a complementary role by enacting enabling legislations which mandate all multinational corporation and allied companies to earmark part of their profits for the development of their host communities.
- VI. The problem of insecurity should be seriously addressed to enable corporations have relaxed mind in the discharge of their duties.

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