

AN EXAMINATION OF THE CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES AMONG NIGERIAN FIRMS

Julius Idialu IKHAREHON, Professor K. O. OSOTIMEHIN

Abstract : This study examined and identifies types of corporate social responsibility (CSR) activities among the selected Nigerian firms between 2000 and 2009. This was with a view to identified types of CSR activities provided by the selected firms. This study relied on secondary sources of data. The data were extracted from the Nigerian Stock Exchange Fact Books, annual reports and financial statements of the selected firms. A total of one hundred and ten non-financial firms on the Nigerian Stock Exchange were selected and a sample size of eighty-six firms was chosen, using the Burley's formula propounded by Yamane. The selection of firms was based on two-sampling procedure. The data collected were analyzed using frequency and percentages. The study revealed that the selected firms provided the following CSR activities: employee relations; community involvement; environmental issues; and product characteristics. The information disclosed was however, brief, mostly descriptive and narrative in nature. Information on employee welfare, employee training and development as well as monetary donations was mostly reported, with fewer disclosures on efforts at employing the physically challenged and environmental issues. The results of the study provide some evidence that firms sampled had some form of disclosure in their annual reports over a ten-year period from 2000-2009. This evidence negates conventional wisdom which suggests that CSR is more relevant to corporations operating in the developed countries. Moreover, it counters the belief that societal expectations in the developing countries mainly centre on economic growth, therefore relegating CSR to be lesser importance to the society and the firms.

Keywords: Corporate Social Responsibility, Nigerian Firms, Nigerian Stock Exchange

INTRODUCTION

Corporate social responsibility (CSR), therefore, can be seen as the act of corporate organizations giving back to the immediate and wider community in which they carry out their business in a manner that is meaningful, valuable and relevant to that community (Adediran and Okoye, 2011). It is a means for the companies to reach out to their host communities by positively impacting on their environment. It is a way of saying 'thank you' to the environment in which they operate and a way of also showing a sense of belonging to the society at large.

Some critics of CSR believe that it is just a way in which companies attempt to placate the communities whose environment they are destroying and, whatever they do cannot adequately compensate these people for the damage they do to their environment. This is especially true in the Nigerian situation. From oil multinationals in the Niger Delta region to telecommunications giants, drug makers and down to the consolidated banking sector, it has become common to engage in highly publicized charitable and philanthropic ventures as an act of CSR to placate the abused public. Over time, multinational

companies in Nigeria simply signed agreements with indigenous governments to carry out their industrial activities without reference to the immediate host communities. This led to the restiveness in the oil-rich Niger Delta, as the multinationals for decades continued to violate environmental rules to the detriment of the host communities. Successive civilian and military governments were accomplices in this abuse of human rights (Adediran, and Okoye, 2011).

On the overall, CSR activities are gaining momentum in Nigeria as companies attempt to project a positive image to the society; hence this study aimed to examine and identified types of corporate social responsibility activities provided by the selected firms in Nigeria. Thus, the study aimed to provide answer to the following research question which will guide the focus of the study: What types of corporate social responsibility activities does selected firms in Nigeria provides?

OBJECTIVE OF THE STUDY

The broad objective of this study is to examine and identify types of corporate social responsibility activities provided by the selected Nigerian firms between 2000-2009.

Literature Review

Corporate Social Responsibility (CSR): Concept, Definitions and Scope

Various views on corporate social responsibility (CSR) have been expressed over the years, with Bowen's view expressed in his 1953 publication of *Social Responsibilities for the Businessman*, reportedly considered by many as definitive on the subject (Lee, 2008). Most authors argued in favour of CSR, despite the lack of consensus on what it really meant. However, Friedman (1962) promoted a contrary viewpoint by asserting that "business had no other social responsibility than to make as much profit as possible". McGuire (1963), while agreeing that economic concerns are important to businesses, argued that "the idea of social responsibilities supposes that the corporation has not only economic and legal obligations, but also certain responsibilities to society which extend beyond these obligations". Thus, beyond making profits, companies are responsible for the totality of their impact on people and the planet'. This is tantamount to saying that beyond profit, corporate bodies need to address issues of importance to the people and the environment.

Methodology

The study is concerned with examining the types of corporate social responsibility activities provided by the selected Nigerian firms and a longitudinal survey design was employed. The population of this study consists of one hundred and ten (110) non-financial firms quoted on the Nigerian Stock Exchange from the year 2000 to the year 2009. Most previous studies focused attention mainly on financial sector, hence non inclusion of financial sector in the study. From the total number of 110 firms, the sample size of 86 firms was chosen, using the Burley's formula. The Burley's formula was propounded by Yamane (1973) for the determination of sample size for finite population. The formula is expressed as follows:

$$n = \frac{N}{1 + N(e)^2}$$

where:

n = sample size

N = Population

e = level of significance (5% for this study)

FINDINGS

The study revealed that the selected firms provided the following corporate social responsibility activities: employee relations; community involvement; environmental issues; and product characteristics. The information disclosed was however, brief, mostly descriptive and narrative in nature. Information on employee welfare, employee training and development

as well as monetary donations was mostly reported, with fewer disclosures on efforts at employing the physically challenged and environmental issues.

CONCLUSION

The results of the study provide some evidence that firms sampled had some form of disclosure in their annual reports over a ten-year period from 2000-2009. This evidence negates conventional wisdom which suggests that CSR is more relevant to corporations operating in the developed countries. Moreover, it counters the belief that societal expectations in the developing countries mainly centre on economic growth, therefore relegating CSR to be lesser importance to the society and the firms (Khan, 1985).

RECOMMENDATIONS

1. Like shareholders, employees of a firm too have demands on a firm to be treated in a socially responsible way. Employees should insist on socially responsible behaviour from employers both by contract and by choice of work. Employee's contracts should have clauses on responsible behaviour, along with the mandatory ones on wages and working conditions, provisions for social and human capital development through shared learning, knowledge enhancement, human capacity building and opportunities for future growth, safe working conditions including allowances and benefits, hours of work, over time work, rest breaks and leave arrangements, including annual leave, sick leave and special leave issues and job security provisions.

2. The firms investigated clearly give a lot of importance to community philanthropy and show a trend of significant spending towards services and amenities to communities around their geographical boundaries. However, this study did not encounter any initiative being taken by the corporate sector to improve citizen rights or generally redress environmental deterioration. This indicates that the selected quoted firms pay lip attention to environmental issues. Nigeria does have policies on environmental management (e.g. Federal Environmental Protection Agency, 1988; Harmful Waste {special criminal provisions} Act of 1988; National Policy on the Environment, 1989), etc. Theoretically, the laws appear laudable, but in practice leaves little to be desired as the provisions enshrined in the various instruments of intervention are rarely enforced; due to inadequate human resource; inadequate and mismanaged funds, low degree of public awareness of environmental issues; corruption on the part of enforcement officers, among others (Okafor, Hassan, and Doyin-Hassan, 2008). There is the need for government to strengthen these institutions to enable them

deliver on their mandate without fear or favour. By so doing the corporate sector would be made to wake up to their social responsibilities.

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- ²Professor K. O. OSOTIMEHIN, Ph.D, Department of Management & Accounting, Faculty of Administration, Obafemi Awolowo University, Ile-Ife, Osun State, Nigeria.
e-mail: kosot2001@yahoo.com
- * All correspondence should be directed to Dr. Julius Idialu Ikharehon



Julius Idialu IKHAREHON, Ph.D,
Department of Business Administration,
Faculty of Management Sciences,
Ambrose Alli University, P. M. B. 14,
Ekpoma, Edo State, Nigeria.
e-mail: ikharehon2002@yahoo.co.uk

Professor K. O. OSOTIMEHIN, Ph.D,
Department of Management & Accounting,
Faculty of Administration,
Obafemi Awolowo University, Ile-Ife, Osun State, Nigeria.
e-mail: kosot2001@yahoo.com