



**ISSN: 2278 – 0211 (Online)**

## **A Critical Appraisal Of Corporate Social Responsibility (Csr) Practices By Business Organisations In Nigeria**

**AFOLABI, Gbadegesin V**

Department of Economics and Business Administration, Redeemer's University,  
Ogun State, Nigeria

**OGINNI, Babalola O**

Department of Economics and Business Administration, Redeemer's University,  
Ogun State, Nigeria

***Abstract:***

*This paper critically examines the practice of social responsibility among business organizations in Nigeria. The empirical work employs the use of questionnaires to elicit relevant information from forty staff members of the Redeemer's University, Ogun State, Nigeria. Four related hypotheses were formulated and subjected to statistical test, using the Chi-square statistical method. The result reveals that the attitude of business organizations towards corporate social responsibility still leaves much to be desired showing high level of relationship at 0.05 level of sig. It was further revealed that government is also not doing enough in imparting the culture of being socially responsible among business organizations. The paper suggested a more pragmatic approach toward social responsibility compliance among business organizations in Nigeria.*

***Keywords:*** Corporate Social Responsibility, Business Organization, Appraisal and Culture

## **1.Introduction**

Much of the problems confronting the world today are man-made. The wearing of ozone layers and the widespread of cholera, Hormonal Immune Deficiency (HIV), Acquired Immune Deficiency Syndrome (AIDS) and other communicable diseases has an artificial connection. Business organizations are operating in un-ethical manners. No more respect for human lives and the wider society. Sub-standard products are filling the consumer markets. Many lives are lost daily as a result of the “I don’t care” attitude on the part of the business, the government and the society. The situation is even more critical in the developing countries where they depend much on importation of goods for survival. Nigeria, for instance, has become a dumping ground for scraps and waste from the European and American nations. Oil companies, most of which are owned by foreign companies, are destroying the heritage of indigenes in the oil rich states of Nigeria. In spite of the stern position of the United Nations on gas flaring, flaring of gas continues unabated in the Niger Delta Region of Nigeria. Reactions from aggrieved indigenes of those regions where oil companies are failing to perform the expected social responsibility are sometimes violent and highly destructive. Except the situation is promptly arrested, the nation may be sitting on a gun powder. This research paper was carried out to objectively appraise the situation and seek ways of mitigating the problems arising from the lip-service attention being paid to corporate social responsibility by Nigeria business organizations and government.

### *1.1. Statement Of The Problem*

Environmental degradation is pathologically on the increase in Nigeria as obtains in many parts of the developing countries of the world. Production and marketing of harmful products by business organizations is also on the increase. Many business organizations are prepared to enlarge their company accounts at the expense of the health and safety of the people. The corporate outsiders and insiders, as company stakeholders, are hurt by the utter disregard for their rights and interests by many business organizations. Except urgent response is made at salvaging the situation, it will become artificial disaster looming hard on the society. This paper critically examines the attitude and direction of business organizations in Nigeria towards corporate social responsibility as well as factors responsible for the neglect of social responsibility. Hence, this study.

### *1.2. Research Objectives*

The general objective of this research is to critically examine the attitude of business organizations in Nigeria to the performance of social responsibility and draw out some useful conclusions that will hopefully help improving the current situation.

The specific objectives of the study include the following:

- To appraise the attitude of Nigerian business organizations towards business social responsibility.
- To see ways in which the government may have failed in helping business organizations to be socially responsible.
- To suggest ways by which business organizations can be made more socially responsible in the nation.
- To see what benefits will accrue to the state (the government), the business and the society at large if business organizations should be socially responsible.

### *1.3. Research Questions*

The following research questions are addressed by the study:

- How does the attitude of Nigerian business organisations affect business social responsibility?
- What are ways by which government has failed to make business organisations socially responsible?
- What are the ways by which business organisations can be encouraged to be socially responsible?
- How does the stakeholders benefit from the social responsibility of business organisations?

### *1.4. Research Hypotheses*

The study tested the following hypotheses:

- Environmental pollution is not high in Nigeria because many businesses are failing in their social responsibility.
- Nigerian government is adequately enforcing laws on businesses socially responsibility.
- There is no need of creating more awareness on the need for business social responsibility in Nigeria.

- The government, the business and the society will not all benefit where businesses embark on adequate social responsibility.

## **2. Literature Review**

Business social responsibility entails the carrying out of those activities that are ethical and in consistence with societal norms and values. The term is often used interchangeably for other terms such as Corporate Citizenship and is also linked to the concept of Triple Bottom Line Reporting (TBL), which is used as a framework for measuring an organization's performance against economic, social and environmental parameters (ASOCIO Policy Paper, 2004 ). It is usually described in terms of a company considering, managing and balancing the economic, social and environmental impacts of its activities (PJC 2006).

Business organizations are expected to be socially responsible to the corporate insiders and outsiders, the government, and the society. It involves proper treatment of workers in accordance to sound labour practices; serving properly the interests of company shareholders; giving due consideration to the welfare of customers and the general public; fulfilling the expected obligation towards the government adequately, and as at when due. Internet World Business Council for Sustainable Development (2006) stated that "business is not divorced from the rest of society. How companies behave affects many people, not just shareholders. A company should be a responsible member of the society in which it operates." O'Brien (2001), was of the opinion that a thorough understanding and appreciation of all key stakeholders and their concerns is necessary.

Research has pointed to the potential business benefits of the internal and external communication of corporate social responsibility (CSR) efforts (Maignan et al. 1999). The impact of CSR customers will include customer loyalty, emotional attachment, shopping in-store, and brand identification. Sentikumar (2011), in his paper on the impact of corporate social responsibility on customer satisfaction in banking service concluded that Corporate Social Responsibility (CSR) positively influences customer satisfaction toward banking service quality. Brammer et al (2005), went further by saying that "that the contribution of CSR to employee commitment is at least as great as job satisfaction."

ASOCIO (2005) discussed the key drivers for CSR under the following headings:

### *2.1. Enlightened Self-Interest*

Creating a synergy of ethics, a cohesive society and a sustainable global economy where markets, labour and communities are able to function well together.

### *2.2. Social Investment*

Contributing to physical infrastructure and social capital is increasingly seen as a necessary part of doing business.

### *2.3. Transparency And Trust*

Business has low ratings of trust in public perception. There is increasing expectation that companies will be more open, more accountable and be prepared to report publicly on their performance in social and environmental arenas

### *2.4. Increased Public Expectations Of Business*

Globally companies are expected to do more than merely provide jobs and contribute to the economy through taxes and employment.”

Awareness on corporate social responsibility is inadequate in Nigeria and many parts of the world. This calls for the creation of more awareness on the subject. Morsing (2006) has noted that corporate social responsibility engagement today requires more sophisticated and ongoing stakeholder awareness and calls for more sophisticated CSR communication strategies than previously.

## **3. Methodology**

The study employs questionnaires containing a both open and close ended question which was administered to 45 respondents who were staff members of the Redeemer's University, Ogun State. Out of the forty-five (45) questionnaires administered, only forty (40) were properly filled and considered useful for analysis. Questionnaire was used to elicit relevant information about the performance of social responsibility among business organizations in Nigeria which was developed in line with Likert five rating points and respondents were draw from all categories of workers in the University. Data collected were adequately presented and well analyzed through the use of simple percentage distribution and Chi-square was used as statistical tool to test the four (4) stated hypotheses.

#### 4. Analysis Of The Findings

<b>Gender</b>	<b>No of Respondents</b>	<b>Percentage (%)</b>
Male	30	75.00
Female	10	25.00
Gender Not Specified	-	-
<b>Total</b>	<b>40</b>	<b>100</b>

*Table 1: Distribution of Respondents by Gender.*

*Source: Data Collected from Questionnaires Administered, Dec. 2011.*

Table 1 above reveals that 75.0% of the respondents were men while 25.0% were women. Both men and women were well represented in the sample.

<b>Cadre</b>	<b>No of Respondents</b>	<b>Percentage (%)</b>
Senior Staff	20	50.00
Junior Staff	14	35.00
Cadre not Specified	6	15.00
<b>Total</b>	<b>40</b>	<b>100</b>

*Table 2: Distribution of Respondents by Cadre.*

*Source: Data Collected from Questionnaires Administered, Dec. 2011*

Table 2 above shows that 50.0% of the respondents fall within the senior staff cadre, while 35.0% fall within the junior staff cadre. Six of the respondents failed to indicate their status in the institution. In all, both the senior and junior staff cadres of the population were amply represented in the sample selected.

S/ N	QUESTIONS	SA	A	UN	D	SD
1.	Nigerian business organizations are generally doing well in the performance of social responsibility to their business environment	0 (0)	18 (45)	8 (20)	12 (30)	2 (5)
2.	Nigerian business organizations are generally doing well in the performance of social responsibility to their customers.	0 (0)	18 (45)	8 (20)	12 (30)	2 (5)
3.	Nigerian business organizations are generally doing well in the performance of social responsibility to the government.	2 (5)	12 (30)	16 (40)	8 (20)	2 (5)
4.	Your organization is socially responsible enough to the people living around it.	8 (45)	12 (30)	12 (30)	6 (15)	2 (5)
5.	You strongly feel the impact of corporate social responsibility as a resident in Nigeria.	2 (5)	14 (35)	8 (20)	10 (25)	6 (15)
6.	Environmental pollution is high in Nigeria because many businesses are failing in their social responsibility.	18 (45)	10 (25)	4 (10)	2 (5)	6 (15)
7.	Nigerian government is not adequately encouraging businesses to be socially responsible.	16 (40)	12 (30)	8 (20)	4 (10)	0 (0)
8.	Nigerian government is not adequately enforcing laws on businesses socially responsibility.	14 (35)	24 (60)	0 (0)	0 (0)	2 (5)
9.	There is the need to create more awareness on the need for business social responsibility in Nigeria.	28 (70)	8 (20)	2 (5)	0 (0)	2 (5)
10.	The government, the business and the society will all benefit where businesses embark on adequate social responsibility.	28 (70)	8 (8)	2 (5)	0 (0)	2 (5)

*Table 3: Responses to the Structured Questions in the Questionnaire.*

*Source: Researchers' computations from the administered questionnaires.*

*Note: Figures in bracket (in the table above) represent the percentage of the numbers immediately above them.*

#### *4.2. Discussions Of The Findings*

Analysis of the responses presented above shows that 78.0% were of the opinion that there is the need to create more awareness on the need for business social responsibility in Nigeria. 78.0% of the respondents also held the opinion that the government, the business and the society at large have a lot to benefit where businesses embark on

adequate social responsibility. Less than 50.0% (precisely 45%) of the respondents believe that Nigerian business organizations are generally doing well in the performance of social responsibility to their business environment. The figure appears high because most of the sampled respondents live in southern part of the nation where there is rare cases of oil spillage or environmental degradation. The picture would most probably differ if majority of the respondent reside in the oil rich regions of Niger Delta. 35.0% of the respondents were in defiance of the assertion, while the remaining 20% were neither here nor there on the matter.

While 70% of the respondents agreed that environmental pollution is high in Nigeria because many businesses are failing in their social responsibility, 20% were of contrary opinion, while the remaining 10% were un-decided. On the issue of mobilization, 70% of the respondents supported the fact that Nigerian government is not adequately encouraging businesses to be socially responsible. Only 10% of them disagreed on this. The remaining 20% were un-decided. As far as enforcement of laws relating to business social responsibility is concerned, 95% of the respondents held that Nigerian government is not adequately enforcing laws on businesses socially responsibility. Only 5% of them held a different opinion.

#### *4.3. Test Of Hypotheses*

Four (4) hypotheses were formulated for purpose of the study. To ascertain whether or not there is correlation between the variables of interest the Chi-square ( $X^2$ ) statistical method was adopted to test the formulated hypotheses at 0.05 level of significance. The test is carried out as follows:

##### 4.3.1. Hypothesis 1

The hypothesis here is closely linked with question six (6) of the administered questionnaire.

##### 4.3.1.1. Ho

Environmental pollution is not high in Nigeria because many businesses are failing in their social responsibility.



## 4.3.1.2.Hi

Environmental pollution is high in Nigeria because many businesses are failing in their social responsibility.

Response Options	O	E	O-E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
SA	18	8	10	100	12.5
A	10	8	2	4	0.5
UN	4	8	-4	16	2.0
D	2	8	-6	36	4.5
SD	6	8	-2	4	0.5
<b>TOTAL</b>	40	40	0	160	<b>X<sup>2</sup>=20</b>

*Table 4: Contingency Values & Chi-Square Computation*

*Source: Researcher's computations from the administered questionnaires.*

*Degree of freedom (V) = n-1 = 5-1 = 4. From the chi-square table, 4 degree of freedom at 5% level of significance gives 9.488, while the calculated X<sup>2</sup> = 27.11*

## 4.3.1.3.Decision

Since the cal X<sup>2</sup> of 20 is greater than the tabulated X<sup>2</sup> of 9.488 at 0.05; we reject the null hypothesis and accept the alternative hypothesis that says "Environmental pollution is high in Nigeria because many businesses are failing in their social responsibility.

## 4.3.2.Hypothesis 2

The hypothesis here is closely linked with question eight (8) of the administered questionnaire.

## 4.3.2.1.Ho

Nigerian government is adequately enforcing laws on businesses socially responsibility.

## 4.3.2.2.Hi

Nigerian government is not adequately enforcing laws on businesses socially responsibility.

Response Options	O	E	O-E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
SA	2	8	-6	36	4.5
A	8	8	0	0	0
UN	4	8	-4	16	2.0
D	14	8	6	36	4.5
SD	4	8	-4	16	2.0
<b>TOTAL</b>	<b>40</b>	<b>40</b>	<b>0</b>	<b>104</b>	<b>X<sup>2</sup>=13</b>

Table 5: Contingency Values and Chi-Square Computation

*Source:* Researcher's computations from the administered questionnaires.

From the chi-square table, 4 degree of freedom at 5% level of significance gives 9.488, while the calculated  $X^2 = 13$

#### 4.3.2.3. Decision

Since the cal  $X^2$  of 13 is greater than the tabulated  $X^2$  of 9.488 at 0.05; we reject the null hypothesis and accept the alternative hypothesis that says "Nigerian government is not adequately enforcing laws on businesses socially responsibility.

#### 4.3.3. Hypothesis 3

The hypothesis here is closely linked with question nine (9) of the administered questionnaire.

##### 4.3.3.1. H<sub>0</sub>

There is no need of creating more awareness on the need for business social responsibility in Nigeria.

##### 4.3.3.2. H<sub>1</sub>

There is the need of creating more awareness on the need for business social responsibility.

Response Options	O	E	O-E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
SA	28	8	20	400	50
A	8	8	0	0	0
UN	2	8	-6	36	4.5
D	0	8	-8	64	8
SD	2	8	-6	36	4.5
<b>TOTAL</b>	<b>40</b>	<b>40</b>	<b>0</b>	<b>536</b>	<b>X<sup>2</sup>=68</b>

*Table 6: Contingency Values & Chi-Square Computation*

*Source: Researchers' computations from the administered questionnaires.*

Degree of freedom (V) = n-1 = 5-1 = 4. From the chi-square table, 4 degree of freedom at 5% level of significance gives 9.488, while the calculated  $X^2 = 68$

#### 4.3.3.3. Decision

Since the cal  $X^2$  of 68 is greater than the tabulated  $X^2$  of 9.488 at 0.05; we reject the null hypothesis and accept the alternative hypothesis that says "There is the need of creating more awareness on the need for business social responsibility".

#### 4.3.4. Hypothesis 4

The hypothesis here is closely linked with question ten (10) of the administered questionnaire.

##### 4.3.4.1. Ho

The government, the business and the society will not all benefit where businesses embark on adequate social responsibility.

##### 4.3.4.2. Hi

The government, the business and the society will all benefit where businesses embark on adequate social responsibility.

Response Options	O	E	O-E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
SA	28	8	20	400	50
A	8	8	0	0	0
UN	2	8	-6	36	4.5
D	0	8	-8	64	8
SD	2	8	-6	36	4.5
<b>TOTAL</b>	<b>40</b>	<b>40</b>	<b>0</b>	<b>536</b>	<b>X<sup>2</sup>=68</b>

*Table 7: Contingency Values & Chi-Square Computation*

*Source: Researchers' computations from the administered questionnaires.*

Degree of freedom (V) = n-1 = 5-1 = 4. From the chi-square table, 4 degree of freedom at 5% level of significance gives 9.488, while the calculated  $X^2 = 68$

#### 4.3.4.3. Decision

Since the cal  $X^2$  of 68 is greater than the tabulated  $X^2$  of 9.488 at 0.05; we reject the null hypothesis and accept the alternative hypothesis that says "The government, the business and the society will all benefit where businesses embark on adequate social responsibility".

From Table 3 above, we recorded that 45% of the respondents agreed to the fact that Nigerian business organizations are generally doing well in the performance of social responsibility to their business environment, while 35% did not agree with this at all. The remaining 20% cannot even tell whether or not business organizations in Nigeria are socially responsible to their environment. It is un-thinkable, especially when considering the high rate of environmental degradation in many parts of Nigeria that up to 45% of the respondents would agree that Nigerian business organizations are socially responsible to their environment. Looking at the havoc oil spillage has wrought in the Niger delta area; one would not have expected that up to 45% of respondents would give business organizations in Nigeria a pass mark on social responsibility. In the oil rich states of Nigeria, oil spillage has robbed citizens of their farmlands lands and fishing rivers. It is however understandable when one considers the fact that majority of the respondents rarely travel beyond South-Western Nigeria. Besides, the population of the study comprised, majorly, highly educated men and women who might have benefited from one scholarship or the other, sponsored by business organizations. Data gathered from the open ended questions supported this assertion.

Therefore, the following were the overall outcome of the research findings:

- The study reveals that, failure on the part of business organizations to carry out social responsibility is, in part, responsible for the high rate of environmental pollution in Nigeria.
- Nigerian government is not adequately enforcing laws on businesses socially responsibility.
- There is the need for the creation of more awareness on the need for business social responsibility in Nigeria.
- The government, the business and the entire society will all greatly benefit where businesses embark on adequate social responsibility.

#### *4.4. Conclusions*

Based on the research findings the following conclusions are made:

- That many business organizations in Nigeria have failed to live up to expectation in the performance of corporate social responsibility.
- That environmental pollution is high in Nigeria because many businesses are failing in their social responsibility.
- That Nigerian government is adequately not adequately enforcing laws on businesses socially responsibility.
- That there is no need for the creation of more awareness on the need for business organizations to be socially responsible in Nigeria.
- That the government, the business and the society at large all have a much to benefit where business organizations are adducing the right attention to corporate social responsibility.

#### *4.5. Recommendations*

The authors arrived at the following recommendations:

- Government must live up to its statutory role of protecting its citizens from the activities of unscrupulous business entrepreneurs who are ever ready to make personal gains at the expense of the citizens.
- The laws relating to corporate social responsibility must be well enforced without respect for any foreign or local firms.

- Government should create more awareness on the need for business organizations to be socially responsible. This can be done through mass media, workshops, conferences, and the like.
- Business organizations should understand that being socially responsible is not a waste of resources, but an investment, and a necessary obligation that will later have a spill over effect on the society, the government, and the business organization itself. They should, as a matter of policy, regularly set aside a good percentage of their revenue for social responsibility.
- The citizens themselves have a part to play in making business organizations to be socially compliance. Cases of environmental pollution, production and marketing of substandard products should be promptly reported to the appropriate law enforcement agents responsible for environmental and consumer protection.
- Appropriate sanctions should be imposed on organizations pursuing their sectional interest at the expense of societal health and safety. This will serve as deterrent to other organizations that are indifferent to business social responsibility.

**5.Reference**

1. ASOCIO Policy Paper (2004). Corporate Social Responsibility. Asian-Ocean Computing Industry Organization. Retrieved on 6<sup>th</sup> October, 2011
2. Brammer, S; Millinton, A; & Rayton B. (2005). “The Contribution of Social Responsibility to Organization Commitment”. University of Bath School of Management Working Paper Series. Retrieved on 6<sup>th</sup> October, 2011
3. Maignan, I., Ferrell, O.C. and Hult, G.T.M. (1999). ‘Corporate citizenship: cultural antecedents and business benefits’. Journal of the Academy of Marketing Science, 27:4, 455–469. In Mette Morsing and Majken Schultz. Business Ethics: A European Review Vol. 15 No. 4 October 2006. Retrieved on 6<sup>th</sup> October, 2011
4. Morsing, M. and Schult, M. (2006). ‘Corporate Social Responsibility Communication: Stake Holders Information, Response and Involvement Strategies’ European Review Vol. 15 No. 4 October 2006. Retrieved on 6<sup>th</sup> October, 2011
5. O’Brien, D. (2001): Incorporating Corporate Social Responsibility with Competitive Strategy”. Paper delivered at the Center for Corporate Citizenship at Boston College. Adjudged as the 2001 best MBA paper in corporate citizenship. Retrieved on 6<sup>th</sup> October, 2011
6. PJC, Parliamentary Joint Committee on Corporations and Financial Services 2006, Corporate responsibility: Managing risk and creating value, June, Canberra. In Brine, M. et al. Corporate Social Responsibility and Financial Performance in the Australian Context Retrieved on 6<sup>th</sup> October, 2011
7. Sentikumar, N; Ananth, A. & Arulraji, A. (2011). “Impact of Corporate Social Responsibility on Customer Satisfaction in Banking Service”. African Journal of Business Management. Vol.5 (7), pp. 3028-3039, 4 April 2011. Retrieved on 6<sup>th</sup> October, 2011