

Evaluation of Non Financial Factors Influencing Corporate Social Responsibility Adoption – Evidence from MTN, Nigeria.

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ABSTRACT

This study examines the non-financial factors that influence the adoption of Corporate Social Responsibility in Nigeria with particular emphasis on Mobile Telecommunication Network (MTN), Nigeria. It is a case study, which adopts survey approach to generate its data from the primary source. Structured questionnaire was used to collect data from the sampled staff of MTN, Nigeria. Regression Analysis was used to analyze the data with the aid of Stata 11.0 statistical software package. The study concludes that it is not only profit that propels an organization to engage in or adopt CSR but other non-financial factors, such as competition, subscribers' demand, organization culture, infrastructural decay among others which were found to be significant in influencing the adoption of CSR by MTN Nigeria. It therefore recommends that CSR philosophy should be enshrined in all organizations in order to achieve a sustainable development demands in Nigeria.

Keyword: Corporate Social Responsibility, Instrumental Stakeholder, Sustainable Development

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1. INTRODUCTION

The discourse of Corporate Social Responsibility (CSR) has assumed great importance globally and Nigeria with no exception (Lawal, and Brimah, 2012). CSR has over the decades greatly evolved both in concept and practice mostly due to the ever changing society (Johnson, 2003). In this period, the relationship between business and society has changed radically (Johnson, 2003). Key drivers of this change have been

globalization of trade, increased size and influence of corporate organizations, the repositioning of government and the rise in the strategic importance of stakeholder's relationships, knowledge, and brand reputation (World Business Council for Sustainable Development, 2002; Maignan and Farrell, 2004) The business of the twenty first century irrespective of its size is going to be part of the global business community affecting and being affected by social change, events and pressures from around the world (Brimah, Olanipekun, and Ibikunle, 2013). This is so because the business environment is changing, dynamic, turbulent, discontinuous and highly competitive (Olanipekun, (2015). Thus, stakeholders are likely to be more numerous, diverse and important to its success

Maignan and Farrell (2004) opines that the core idea behind CSR is the promotion of business orientation that takes stakeholders interest into account. It is driven by the philosophy that business is part of the society and as such ought to contribute positively to social goal and aspirations (Jones, 2005). CSR involves integration of three dimension; economic, environment and social concerns which is called the triple bottom line (Elkington, 2004). The triple bottom line emphasizes that company do not only have one objective, profitability, but that they also have objectives of adding environmental and social value to the society (Elkington, 2004; Epstein, 2008). This is why Harpreet (2009) states that it is not only an approach to decision making which encompasses both social and environmental factors but also a deliberate inclusion of public interest into corporate decision making and the honoring of a triple bottom line which are people, planet and profit.

There has been recent escalation of corporate social responsibility disclosure by corporations worldwide because of stakeholder's continuous consciousness and increased demand; this signals the significance of CSR (Epstein, 2008). The theme of environmental and social responsibility appears in a number of political and legal documents and is gaining ever-greater importance at the international level (Harpreet (2009). Today, corporate leaders face a dynamic and challenging task in attempting to apply societal ethical standards to responsible business practice (Harpreet (2009). Thus, there is a great deal of ambiguity and uncertainty about what drives a business to pursue it and the factors that influence its adoption. It is therefore the contention of this study to investigate those factors. The specify objectives of this study are:

1. To investigate the non-financial factors that influence corporate social responsibility adoption in Nigerian with particular emphasis on Mobile Telecommunication Network (MTN), Nigeria.
2. To examine the specific areas of engagement of MTN, Nigeria on Corporate social responsibility programmes.

1.1 Research Hypothesis

H₀: Non-financial factors do not influence the adoption of CSR by MTN, Nigeria.

H₁: Non financial factors influence the adoption of CSR by MTN, Nigeria.

2. THEORETICAL FRAMEWORK- INSTRUMENTAL STAKEHOLDER THEORY

The instrumental theory was developed in an attempt to further legitimize the role of corporations in society and it emphasizes CSR as a strategic tool to achieve organisational objectives. The proponents of this theory assert that the business may choose to support some social programmes for reasons of good image (public relations), competitive advantage or other strategic reasons without jeopardizing the interests of its primary stakeholders, namely the shareholders (Jones, 2005). This branch of study is called strategic CSR by Lantos (2002), modern view by Quazi and O'Brien (2000) and instrumental stakeholder theory by Donaldson and Preston(1995). It considers CSR as a form of investment (McWilliams and Siegel, 2001).

This conceptualization implies the recognition of an “optimum” level of CSR (McWilliams and Siegel, 2001). This would be the level at which CSR investment maximizes profit, while also satisfying stakeholder demand for CSR. Following this approach, as well as acting within the logic of ethical/moral behaviour and the social contract, organizations would be performing according to an enlightened self-interest (Porter and Kramer, 2002), calculating the potential benefits of every CSR investment and initiative. Some of the prominent proponents of strategic CSR are Burke and Logsdon (1996), Fombrum (2000), Windsor (2001), Lantos (2002), Johnson (2003), Husted and Allen (2007). Garriga and Mele (2004). They argue that maintenance of a good corporate reputation through CSR initiatives may add to “reputational capital”, by which companies may be profitable in the long run since market forces provide financial incentives for perceived socially responsible behaviour.

2.1 Definitions of CSR

CSR has been conceptualized in various ways by different writers, thus, there are a myriad of definitions of CSR. The majority of these definitions have attempted to integrate the three dimensions to the concept; economic, environmental and social dimensions. Carroll (1999) asserts that corporate social responsibility (CSR) encompasses philanthropy and community contributions but reflects the way in which the firm interacts with the physical, environment and its ethical stance towards consumers and other stakeholder. World Business Council for Sustainable Development (WBCSD, 1998) defines corporate social responsibility as “the continuing commitment of business 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”. McWilliams and Siegel (2001) describe CSR as actions that appear to further some social good beyond the interest of the firm.

Chandler (2001) argues that while there is no universal definition of CSR. It generally refers to transparent business practices that are based on ethical values, compliance with legal requirement and respect for people, communities and the environment. Mate (2002) sees CSR as having five themes (human rights, worker rights, environmental impact, community involvement, and supplier relations and monitoring). These themes must reflect in the company core values and impinge on its policies, strategies, decision making and operations (Mate, 2002)

In Nigeria, the Federal Executive Council (FEC) on Wednesday, May 14, 2008 approved the development of a CSR policy for the country, to instill ethical behaviour in Nigeria businesses (National Planning Commission, 2004). The former Minister of National Planning Commission, Dr. Sanusi Daggash, who gave details of the memorandum, said it refers to the adoption of responsible business practice by organizations, to improve the society at large (National Planning Commission, 2004). He said the policy would include “beyond law commitment” and activities that would necessitate an expectation to ‘give back’ to the society.

All the above definitions show that CSR is the concept that emphasizes the organizations’ need to consider the impact of their operations and business practices on not just the shareholders but also its customers, suppliers, employees, members of the community it operates in, and even the environment. It is a way of saying thank you and expressing appreciation to all stakeholders in the business. It is a conscious effort to give back to the society, who the company has benefitted immensely from.

2.2 Overview of MTN, Nigeria CSR Programmes and Experience

MTN Nigeria is a leading telephony company in Nigeria. According to information available on the company's website. (MTN, 2016). MTN's over-riding mission is to be a catalyst for Nigeria's economic growth and development, helping to unleash Nigeria's strong developmental potential not only through the provision of world class communications but also through innovative and sustainable corporate social responsibility initiatives. The arm of the company that formulates its CSR policies is called the MTN Nigeria Foundation, an entity limited by guarantee (MTNF Ltd/Gte). This CSR arm of MTN was established in July 2004 for the purpose of focusing MTN Nigeria's efforts in terms of its Corporate Social Responsibility initiatives to help reduce poverty and foster sustainable development. In September 2004, MTN Nigeria Communications Limited consulted with wide group of stakeholders across the country to ascertain the needs of the Nigerian people (MTN, 2014). The findings of this rich consultative process enabled the development of a more focused strategy under the three portfolio areas, Education, Health and Economic Empowerment. Their mission statement is to improve the quality of life in these three areas on a sustainable basis. Their objectives are:

1. To alleviate the health challenges currently facing the country through feasible and sustainable projects geared towards improving life in various communities across Nigeria.
2. To provide access to educational opportunities
3. To provide for and facilitate the economic empowerment of Nigerian citizens by providing affordable capital, appropriate technology, and capacity building resources that can lift Nigerians out of poverty and providing opportunities through various microfinance based projects to help them reap the rewards of their own labour.

Table 1: Summary of MTN Nigeria CSR Portfolio and programmes

S/N	CSR PORTFOLIO	Programmes
1	Health Empowerment Portfolio	<ul style="list-style-type: none"> • MTNF Partners Against Aids In The Community (MTNF PAAC) • The MTNF Children's Development Centre (CDC) "Disability and U Road Show and Seminar" • MTNF Project C.L.E.A.N. (Cleaning the Local Environment around Nigeria) • MTNF Sickle Cell Project Nigeria
2	Educational Empowerment Portfolio	<ul style="list-style-type: none"> • MTNF Universities Connect project • MTN Foundation Schools Connect • MTN Foundation/UNICEF Child Friendly School Initiative • The MTN Foundation-Muson Music Scholars Programme • MTNF - Junior Achievement Nigeria "Company Program" • MTNF Learning Support Materials Initiative. • MTNF Science and Technology Scholarship Scheme • MTNF Schools Connect Lab Call Center • MTNF Learning Facility Supply project • MTNF Youth skill development project.
3	Economic Empowerment Portfolio	<ul style="list-style-type: none"> • The MTNF Rural Telephone Project (RTP) • MTNF Call Centre "How to set up your own handbook" • MTNF Lady Mechanics Initiative (LMI) • MTNF Milk F.L.O.W (Fulanis Living Optimally Willingly)

Source: MTN Foundation website - www.mtnonline.com

3. METHOD

The population of the study constitutes of all the staff in MTN, Nigeria. The choice of MTN, Nigeria is because it is the market leader in the industry with the most expansive network (Nigerian Communication Commission, 2017). Stratified sampling technique was employed to give employee’s equal chance of been selected for the study. A sample of three hundred and sixty (360) respondents constitutes the participants for the study. A total of 360 copies of questionnaire were administered to the staff respondents whose population was three thousand, five hundred (MTN, 2017) on the respondents, out of which only 326 were filled and returned appropriately. This represents 91% response rate. This was arrived at by then usage of Guilford and Flusher formula for estimating sample size. It is a case study and adopts survey approach based on primary data.

Guilford and Flusher (1973) formula for estimating sample size:

$$\frac{N}{1 + \alpha^2 N}$$

Where N is the size of the population and α is alpha (the level of significance) which is 0.05

$$\frac{3500}{1 + 0.0025(3600)} = 360$$

Where N is the size of the staff population = 3600

The questionnaire was divided into sections A and B. Section ‘A’ focuses on demographic questions, while ‘B’ bothers on questions relating to the subject matter of the research. Response format was in five point Likert scale forms, with indicators ranging from strongly agree to strongly disagree. The data were analysed, interpreted and presented using simple percentage and frequency tables. Multiple regression analysis with the aid of Stata11.0 statistical package software was used to test the hypothesis at 5% level of significance.

To analyse the data, The respondents were asked to rate on a likert scale the effect of factors such as competitors (X_1), subscriber’s demands (X_2), pressure from civil and human right groups (X_3), government policy (X_4), workers welfare (X_5), organization culture (X_6), service quality (X_7), environmental issues (X_8), legal requirements (X_9) and infrastructural decay (X_{10}) influencing the adoption of CSR. The adoption of CSR was assumed to be a function of 10 variables which are mathematically expressed in the multiple regression adapted from the work of Osemene (2012).

$$CSR = a_0 + a_1COM + a_2SUB + a_3PRES + a_4GOV + a_5WRK + a_6ORG + a_7SERV + a_8ENV + a_9LEG + a_{10}INF +$$

$$U_i \dots \dots \dots (1)$$

Where :

- CSR =adoption of CSR programmes; COM = competition; SUB = Subscribers demand
- GOV = government policy WRK = workers welfare U_i = stochastic or error term
- LEG = legal requirements; ENV= environmental issues SERV = service quality;
- INF= infrastructural decay; ORG = organization culture;
- PRES= Pressure from civil and human right groups

4. RESULTS

4.1 Demographic Characteristics of the Respondents

From table 1, we can see clearly that male employees are about 54% of the respondents than females are 46%. Also, the table shows that 57% of the respondents are between the age of 30 and 39 years, while 21% are between 20 and 29 years, 11% are between 40 and 49 years while 10% are more than 50 years. This also shows that majority of the respondents are within the working age and that there are no child labourers in the company which is consistent with the labour laws (Fasanya, Adegbelemi, Onakoya 2013). Furthermore, the status shown on the table shows that married people are 58% of the respondents, single are 30% while others are 12%. This reflects the situations in the urban areas where different categories of people usually live and co-exist together in a place where there is no relation and that married people have more and recognized status than singles (Bartov, 1993). From the table also, the company has a pool of literate and educated workforce required for manning the operation of a foremost telecommunication company. At least 12% of the respondents have ND/NCE, 57% have B.SC /HND, 27% have MBA/M.SC while 4% have other certificates. Conclusively, the table reveals that majority (54%) of the respondents have spent between 1 and 5 years with the organization, while 33% have spent between 6 and 9 years, and those who spent 10 years and above are 13%.

Table 1: Distribution of Staff Respondents by Demographic factors

Demographic Factors	Frequency	Percentage
Sex		
(i) Male	176	54
(ii) Female	150	46
Age(years)		
(i) 20 - 29	69	21
(ii) 30 - 39	187	57
(iii) 40 - 49	37	11
(iv) 50 and above	33	10
Marital status		
(i) Single	97	30
(ii) Married	190	58
(iii) others	39	12
Length of Service (years)		
(i) 1 - 5	175	54
(ii) 6 - 9	109	33
(iii) 10years above	42	13
Academic Qualification		
(i) OND/NCE	39	12
(ii) HND/ B.Sc.	186	57
(iii) M.Sc./MBA	87	27
(iv) others	14	4

Source: Author's Field Survey, 2017.

Table 2: Regression Analysis results of non-financial factors that influence the adoption of CSR by MTN, Nigeria

CSR	Coef.	Std Err.	T	P>/t/	95%conf	Interval
COMP	.1877356	.0584006	3.21	0.001 *	.0728311	.30264
SUB	-.3700214	.0694943	-5.32	0.003 *	-.5067531	-.2332896
PRES	.0413035	.0639044	0.65	0.042 *	-.08443	.1670369
GOVT	.2378827	.0707437	3.36	0.000 *	.0986928	.3770727
WRK	.3839827	.0650649	5.90	0.026 *	.2559659	.5119995
ORG	.0340764	.0578861	0.59	0.000 *	.0798158	.1479686
SERV	.4031567	.0587439	6.86	0.041 *	.2875768	.5187366
ENV	.0524323	.1536102	1.02	0.049 *	.0487456	.1536102
LEG	-.1048472	.077711	1.35	0.016 *	.2577454	.048051
INF	.1471618	.027863	2.02	0.000 *	.0039531	.2903704
CONS	-.033215	.0631991	-0.53	0.020	.1575607	-.0911308
R-square = 0.9696		Adj R-squared = 0.9686		Prob> F = 0.0000		Root MSE =
				F(10,315) = 1003.82		.25956

Source: Author's Computation, 2017.
Significant at the 5% level.

Notes: *

The regression analysis results obtained in the evaluation of factors that influence the adoption of CSR shows that the R^2 Coefficient (0.9696) which is the coefficient of determination indicates that the explanatory variables account for 96.9 of the variation of factors that influence adoption of CSR by MTN Nigeria, given the adjusted R^2 of 97% with 0.0000 at 5% level of significance. This is an indication that the independent variables in the model jointly and significantly explain the factors that influence adoption of CSR. However, competition, subscribers demand, government policy, organization culture, legal requirements, workers welfare, and infrastructural decay were found to be highly significant. Although, service quality, pressure from civil societies and environmental issues were significantly low. The F-statistics and probability statistics also confirmed the significance of the model. Hence, the null hypothesis that non-financial factors influence the adoption of CSR by MTN Nigeria is rejected. This is in line with previous studies of Carroll (1999), Amaeshi, Adi, Ogbechie and Amao (2006), and Olaleye (2011). State the findings of their study to support the assertion above.

5. CONCLUSION AND RECOMMENDATIONS

This study has established and affirmed that it is not only profit that propels an organization to engage in or adopt CSR but other non-financial factors, such as competition, subscribers' demand, organization culture, infrastructural decay among others which were found to be significant in influencing the adoption of CSR by MTN Nigeria. Based on these, there is need for the enshrinement of the CSR philosophy in all organizations in order to achieve a sustainable development demands in Nigeria. Businesses cannot successfully operate in a community they ignore, as no organization can operate in an uncooperative and hostile environment. Thus, to help make the community a better place to work in, businesses should engage in activities that are beneficial to the society and environment they operate in. The society is the major source of the enterprises workforce and it also provides clients and subscribers for the company's products.

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