# Corporate Social Responsibility: Is It Corporate Philanthropy or Hypocrisy?

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***ABSTRACT***

*This paper examines the attitude of mega corporations towards its fulfilment of corporate social responsibilities to host communities in the Niger Delta region of Nigeria. It specifically examines the philanthropic and hypocritical dispositions of these firms. A review of literature and industry practice found stakeholders gross nonchalance in the implementation of corporate social responsibilities in host communities. In particular, the study found firms unwillingness to take advantage of the provision of social responsibility expenditure as allowable deductible tax allowance in Nigeria's tax laws. Finally, the study found government culpable of negligence in the development of host communities. Contingent upon the developmental effects of corporate social responsibilities activities, this paper recommends that it is expedient for all stakeholders to have a rethink about the attitude of mega corporations towards its corporate social responsibilities with the intent of actualising their developmental roles in the host communities.*

***Keywords:*** *Corporate Social Responsibility, Environmentalism, Societal Marketing, Nigeria*

## 1.0 INTRODUCTION

The environment of a business is crucial for its survival. Most importantly, business environment serves as the source of inputs for its operation as well as the recipients of outputs. Undoubtedly, operations of business often times impact positively and negatively on the host communities. However, the negative effects of business operations on the communities has led to the clamour for firms to be socially responsible. It is generally believed that the major reason for the continuous restiveness and violence in the Niger Delta region of Nigeria is largely associated with the activities of corporations. As a matter of fact, the multinational corporations involved in oil prospecting and exploration in this region are often accused of destroying the ecosystem. Specifically, the activities of these corporations has led to the destruction of human lives, aquatic lives and farmlands. Unfortunately, the degradation of coastal lines is unbaiting.

Several attempts by the host communities to make these firms address this anomaly has yielded no dividend. Ironically, government have also failed in their constitutional responsibilities to secure the lives and properties of her citizenry. In fact, successive governments' effect to redress this situation has been fruitless. In the light of this apparent conspiracy to gradually degrade host communities' environment, notable environmentalists have repeatedly drawn global attention to the degradation in the region. To global chagrin, some of these environmentalists lost their lives for this cause.

Interestingly, there are plethora of cases of unethical conduct in business operations in Nigeria. This arises from the unending strive for profits at all costs regardless of the impact of their operations on the society. This unethical conduct in business operation lead credence to the call for corporations to be socially responsible. Corporate social responsibility could be seen, as a firm's efforts at resolving social and environmental issues. Sad enough, corporate social responsibility activities are waning in some businesses while gaining ground in others. This is evident as the latter seeks to grow their profits through responsible actions in their host communities.

Painfully, previous corporate social responsibility research themes in Nigeria were on the benefits accruable to firms for their involvement in corporate social responsibility activities. To the best of the researchers' knowledge, no study has focus on the effects of firms' apparent irresponsibility to the host communities. This is the gap this study seeks to fill. This paper examines the attitude of firms' towards host communities with respect to the demand for corporate social responsibility. To be able to achieve this purpose, this paper examines the concept of corporate social responsibility, the philanthropic and hypocritical dispositions of these firms to their host communities.

## 2.0 CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY

Literature is unanimous in acknowledging that the call for corporate social responsibility arose from the inquiry to understand the role of business in the betterment of the society (Friedman, 1970; Carroll, 1979). This inquest is predicated upon the negative effects of business activities in the society. Marketing literature acknowledge Bowen as the first scholar in 1953 to write a manuscript on corporate responsibility (Ukpabi, Ikaba, Enyindah, Orji, & Idatoru, 2014). Bowen (1953) argues that businesses were obligated to pursue those policies that tend to further the aspirations and values of the society.

Later, scholars conceptualize corporate social responsibility as the voluntary activities organisations engage in to ensure societal well-being. In particular, Stoner, Freeman and Gilbert Jr (2005) see corporate social responsibility as what organisations does to influence the society in which they operate. The authors assert that these interventions are voluntary. However, Brown and Dacin (1997) assert that corporate social responsibility connotes those activities firms engage in response to the developmental needs of a society. These developmental needs have tremendous impact on the stakeholders, environment, and the wider society. The foregoing implies that firm's corporate social responsibility activities are undertakings that are over and above legal requirements but voluntarily adopted.

*Rationale of Corporate Social Responsibility*

The proponents of corporate social responsibility call for corporations to integrate the concept into their operating strategy is to ensure firms complement government efforts at creating social well-being for her citizens. In fact, the call for firms to embrace corporate social responsibility is in the light of government limiting financial resources. Brown and Dacin (1997) remark that in the light of apparent government neglect to develop the society, the scope of corporate social responsibility activities is expanding. Hitherto, firms' corporate social responsibility activities were restricted to fulfilling the original mission of producing quality goods, payment of taxes, and generation of employment. These days, firms' social responsibilities activities include but not limited to assisting local communities in environmental and gender related matters (Rupp, Shao, Skarlicki, Paddock, Kim & Nadisic 2018).

*Corporate Social Responsibility Intervention Strategies*

The concept corporate social responsibility is widely associated with non-commercial relations between corporations and other social actors as well as the society. This concept is applicable to both for-profit as well as non-for-profit organizations. According to Edmondson (2021), firms' involvement in corporate social responsibility is in varied forms. This involvement could be piecemeal and comprehensive programs. Piecemeal approach is in the form of direct donations while comprehensive programs entails firms' involvement in undertaking a specific project. The common areas communities expect to benefit from the activities of firms operating within the host communities consists among several others, provision of pipe borne water, construction of schools and educational supports.

*Principles of Corporate Social Responsibility*

The principles governing firms social responsibility is anchored on Carroll 1979 seminar work. According to Carroll, these responsibilities are economic, legal, ethical and philanthropic. Economic responsibility is the primary concern of business. It is considered so important that without it firms cannot meet their obligations. This implies that firms engage in profitable endeavours to be socially responsible. Similarly, legal responsibility denotes the obligation of businesses to obey law and order. This legal obligation portrays how companies conduct their business in the marketplace. The extent to which firms obey government regulations governing employees' engagement and compensation is an important indicator of firms' social responsibility. In short, firms' failure to be legally responsible is suggestive of poor corporate governance.

Furthermore, the ethical responsibility of a firm connotes doing the right thing at the right time without persuasion. It also suggests corporations' fairness. In the same vein, it means avoiding harmful conducts in all dealings. The truth is that firms' ethical conduct is a critical component of corporate social responsibility practice. Crane and Matten (2015) prescribe that firms should not follow strictly economic interest in its operations rather should allow acceptable societal norms guide their activities. To this end, operational managers should not consider corporate social responsibility as "add-on" to business core activities rather it should be seen as a way of managing a firm. Moreover, philanthropic responsibility is the highest among the responsibilities of organizations'. A firm's philanthropic responsibility connotes more than doing right things, rather it entails upholding company values as well as giving back to the society. It is the expectation of the public that firms are able to give a portion of their earnings to the society. This public expectation should not be taken for granted as the public is only positively disposed to firms that demonstrate commitment to social responsibility.

In spite of the numerous benefits accruable to firms', external pressure is often exerted on companies to be involved in corporate social responsibility activities. In fact, once the organisation yields to this pressure, it creates positive effects resulting in public support of the board, company's reputation soars, and market performance increases. Organisation that adopt corporate social responsibility as a strategic thrust empowers it to shift focus solely from profit seeking to integrate other activities that have social and environmental benefits.

As a result of the pivotal roles of business to the society, several firms have ingrained social responsibility strategies into their operating practices. Despite these roles, Milton Friedman in 1970 strongly rebut firms' involvement in corporate social responsibility activities. To Friedman, firms' involvement in corporate social responsibility is an attempt to divert the assets of a company. In fact, corporate social responsibility expenditure should be channelled to other areas that are of great benefits to stakeholders (Friedman, 1970). Friedman criticisms notwithstanding, some organisational managers consider the cost incurred in corporate social responsibility activities as strategic as it assists in generating more income as well as profit for the firm.

## 3.0 CORPORATE PHILANTHROPY

According to Tshabalala (2021), corporate philanthropy refers to the investments and activities a company voluntarily undertakes to responsibly manage and account for its impact on the society. In other words, corporate philanthropy is essentially concern with corporations' interventions in the happening in their operating environment. These interventions in most cases are in the form of donations of money, products and provision of in- kind services to their host communities.

Undoubtedly, there are several benefits accruable to firms that embrace corporate philanthropy. Investments in corporate philanthropic activities have the capacity to increase corporations' visibility. This visibility has the capacity to boosts employee morale as well as vibrancy. Furthermore, the public perception of the corporation becomes high as it is recognized for its giving culture. Other benefits that accrue to corporations that embrace corporate philanthropy include improved brand awareness, employee engagements, tax deductions and sales increase. The issue is, should corporations engage in philanthropy in order to serve the best interest of the marginalized, vulnerable and those in needs? (Wagner, Korschun & Troebs, in press). As a matter of fact, societal beliefs and values should be the basic ingredients to meeting social objectives. Corporations that apply well thought out philanthropic strategies considers the quality of the environment where the corporations are located.

Experience has shown that corporate philanthropic gestures could be planned and unplanned. Planned philanthropy as its name implies is purposeful giving towards a cause. This cause-related giving has the capacity to confer social and economic benefits. Like every corporations' activity, planned philanthropy is intended to enhance public relations, promote social media campaigns. In short, high profile sponsorships are also with the intent of attracting the attention of the public. To the operating manager, planned philanthropy is a marketing strategy. On the other hand, unplanned philanthropy is exhibited by corporations' interventions during periods of emergencies. The most recent unplanned philanthropic gestures in Nigeria was the receipt of donations from individuals and corporations during the Covid-19 pandemic. During this period, corporate citizens voluntarily gave to the society to ameliorate the consequences of the pandemic.

To all intent and purposes, corporations in Nigeria should imbibe the prevailing traditions in their communities. As a matter of fact, philanthropy is deeply rooted in the way of life of Nigerians. Culturally, Nigeria is a collective state that subscribe to the culture of common good.

## 4.0 CORPORATE HYPOCRISY

The concept corporate hypocrisy juxtapose the effect of morality on the society. Wagner, Lutz and Weitz, (2009) see corporate hypocrisy as lack of coherence between pronouncements and eventual action. This suggests difference between the propagated idea of corporate social responsibility and the actual action. For a corporation to be charge for hypocrisy is a very complex challenge. In fact, it serves as a challenge on the moral integrity of the organization. Unfortunately, Goswami and Ha-Brookshire (2016) remarked that there is a high prevalence of hypocritical firms as only very few do what they claim. In fact, when a firm or an individual is considered hypocritical suggest conflict between what is said and what is done.

Wagner *et al.* (2009) opine that corporations act hypocritically when they pretend to be socially responsible while acting in ways that is contradictory of their claims. This implies that a hypocritical corporation wants to appear to the public as something that it is not. Unfortunately, corporations are confronted with wide range of issues which are expected to be met through the communication of corporate social responsibility policies. Corporate social responsibility communication denotes the extent corporations walk their talk. Interestingly, the complexity of the environment greatly impact on the organization and the quality of its communication. This suggests that the corporate social responsibility communicator should aim at striking a balance between maintaining a particular image and not being offensive (Christensen & Schoeneborn 2017). The absence of organizational transparency could result in hypocrisy. Organizational transparency implies the extent to which corporate decisions and policies are made available to relevant stakeholders (Crane & Matten 2010). Unfortunately, the increasing demand of groups has the capacity to cause organizations to delay in meeting the social and moral expectations. This delay exposes the corporation to being perceived as hypocritical.

As not all corporations walk their talk, Wagner *et al*. (2009) advance the criteria to identify hypocritical corporations. According to the scholars, the first criteria is that corporations make a general moral claim while not being committed to the claim. In actual fact, a claim of moral character can only be made only when other parties believe the content as morally relevant. This suggests that for corporations not to be considered hypocritical its claims should be both implicit and explicit. The second criterion is that corporate hypocrisy is recognized by the inconsistency between the communicated moral claim and actual business conduct. In simple term, corporate hypocrisy is exemplified by the discrepancy between words and actions. The craft with which these corporations practice this inconsistence is often unnoticed to most observers.

The third criterion is corporation attempt to deceive. The deceptive actions could be active or passive. Active deception could be in form of covering up moral failure. It could also be in the form of proactively communicating moral claims with the intent of masking the corporation’s failure. On the other hand, organizations action may be passively deceptive. Here corporate communication are consistently incomplete. Unfortunately, in spite of these deceptive actions, the public image of the corporation soars while continuously acting contrary to acceptable norms. Finally, the fourth criterion of hypocritical corporations is that these firms’ actions are inconsistent and deceptive. Painfully, this inconsistency in actions are often hidden with profit motives.

*Consequences of Corporate Hypocrisy*

Business hypocrisy provokes strong negative reactions. In actual fact, corporate hypocrisy is the dark side of corporate social responsibility. The implications of corporate hypocrisy are so encompassing that it affects all the stakeholders of the corporation. Specifically, Arli, Grace, Palmer and Pham (2017) assert that corporations’ hypocritical dispositions negatively influence consumers’ beliefs and attitudes. The truth is that corporations genuine activities increases customers trust. This implies that, the lower customers’ level of perceived hypocrisy, the higher the company’s reputation. Similarly, Rhee, Woo, Yu and Rhee **(**2021**)** report that pronouncements of chief executives of hypocritical corporations are always taken at face value. This is due to the fact that the corporation is closely associated with irresponsibility. Moreover, Castrillon and Alfonso (2021) remark that the implications of corporate hypocrisy on employees are not limited to emotional exhaustion and increase in turnover intentions. It also results in interest groups negative evaluation of corporate social responsibility activities.

Surprisingly, it has now become a virtue for corporations to fail in the fulfilment of their social responsibilities. This portray these corporations as hypocrites. Truth be told, hypocrisy is condemnable. It is an unforgivable sin. When a gap exists between organisations statements and performance, they violate deeply ingrained social norms.

## 5.0 CONCLUSION

The advocates of corporate social responsibility were of the opinion that when corporations become socially responsible it will enable it give back a little to the society. It is unfortunate that this expectation has not been fully fulfilled at least among host communities in Nigeria. This paper examines the attitude of corporations to fulfilling their corporate social responsibilities to host communities. Review of extant literature and industry practice, reveals that some corporate managers' consider corporate social responsibility interventions as philanthropic. Still other corporations' actions are more or less hypocritical.

Specifically, this study found that the lackadaisical approach to the implementation of corporate social responsibility programs emanates from its conceptualization. The proponent of corporate social responsibility, conceives it as obligatory activities of corporations with the intent to further societal well-being. Regrettably, later scholars conceptualise corporate social responsibility as a voluntary activity of the firm. As expected, the voluntary nature of corporate social responsibility gained currency. Hence corporate social responsibility is now regarded as a voluntary activity. This have negatively affected corporate social responsibility activities in the host communities. In the same vein, this paper reveals the conscription of host communities' elitists into the conspiracy of nonchalance in the implementation of corporate social responsibility activities. Unfortunately, these elites who are in most cases communities' representatives are accused of negotiating for their personal benefits to the neglect of the communities.

Furthermore, it is heartening to note that extant Nigeria's tax laws recognise amounts incurred in the pursuit of social responsibility as allowable deductions. It is rather sad to note that most firms are reluctant to leverage on this proviso to expend reasonable sum in the socio-economic development of host communities. This pitiable situation may not be unconnected with the lack of concern for the socio-economic development of the society. The study also found selective performance of corporate social responsibility by majority of these corporations as well as the ambivalence of legislators. This is evident in the uninterrupted payment of taxes to government and her agencies. Failure on the part of these firms is considered a serious breach of the law. The graveyard silence of the legislators is sad to note. Legislative houses failure to enact laws that focus on the neglect of corporate social responsibilities is equally disheartening.

It is the contention of this paper, that there is the urgent need for organisational managers to balance their opinions about firms' involvement in corporate social responsibility programs. As a matter of fact, corporate social responsibility is focused on relationship building. This closely resonates with the African culture of giving. In Africa, individuals or corporations are expected to give not because it makes one feel good but give with the belief that it creates a feeling of goodwill. Unfortunately, several corporations operating in the Niger Delta region of Nigeria have not been able to justify their corporate social responsibility activities. This is of great concern. In fact, this contradicts common expectations. Truth be told, the time to rethink corporate social responsibility is now, giving that it is a genuine and realistic means of responding to societal needs.

## 6.0 RECOMMENDATIONS

Contingent upon the review of extant literature and industry practices, this paper recommends the following;

(1) Host communities need to democratise the process of electing communities' liaison officers. This would prevent the creation of oligarchy. It is therefore expedient, that representatives should be selected from each clan or family houses. To qualify for election, integrity and patriotism should be a necessary criteria. When elected the representatives are to serve for a defined tenure.

(2) The activities of oil producing host communities association should be reorganised with strong representation. It is expected that the association becomes more persuasive in their negotiations with government agencies as well as with the mega corporations.

(3) Government should stop paying lip service to corporate social responsibility related matters. Government lackadaisical approach to corporate social responsibility could further aggravate the restiveness among other social ills in the region. As a matter of fact, government should be seen to take more proactive steps to penalise firms for negligence in the performance of corporate social responsibility activities.

(4) Government should set up a regulatory agency solely for monitoring and regulating corporate social responsibility activities in the host communities. Primary among the functions of this agency should be reporting firms' corporate social responsibility activities. In line with international best practices, the agency should be responsible for the determination of corporate social responsibility index for each firm. This score should be considered a criteria in further dealings with the state and her agencies.

(5) Government should legislate on the minimum percent of gross profit to be spent on social responsibilities in the host communities. This would serve as an indication of government concern for the socio-economic development of the host communities.

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