



BLEKINGE INSTITUTE OF TECHNOLOGY,  
SCHOOL OF MANAGEMENT.

**COMPLYING WITH CORPORATE SOCIAL  
RESPONSIBILITY DEMANDS IN A CONTEMPORARY  
CONTEXT  
(THE CASE OF MULTINATIONAL CORPORATIONS)**

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## **ABSTRACT**

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Corporate Social Responsibility has been a very topical issue in contemporary times, but an in-depth understanding of this salient concept is quite questionable to many including actors in corporate spheres. This we could attribute to ignorance or limited research work to propagate what corporate social responsibility means and the benefits it may bring forth if properly adhered to by corporations.

This paper thus has as fundamental focus to clarify and enhance the understanding of corporate social responsibility as well as the extent to which corporations adhere to the ever increasing demands emanating from stakeholders (consumers, governments, employees, environmental activists etc) for socially responsibility. The extent to which corporate social responsibility is a valid criterion to judge the actions of corporations is also of special interest in this research work.

This paper adopts a theoretical and an empirical approach to provide a better understanding of corporate social responsibility, while a broad based exploratory case study approach is used to investigate the activities of some selected multinationals across the globe .We used three management responsibility categories technique to bridge our findings to our conclusions that the management style of multinationals examined fall under the immoral category associated highly with socially irresponsible companies which typically do not consider stakeholder interests. The paper unravels the devastating effects of their activities on consumers, the environment, employees, and local communities whose interest and well being they should enhance from the corporate social responsibility perspective. The paper concludes with some limitations encountered in this study and suggestions for further research.

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## CHAPTER ONE

### INTRODUCTION

#### 1.0 CHAPTER SUMMARY

This chapter explains the background to the study, the research problem, and research objectives, and research questions, significance of the study and finally the scope of the research work.

#### 1.1 BACKGROUND TO THE STUDY

In the contemporary environment, organizations have to face up to the task of meeting the expectations of a wide variety of stakeholders. Stakeholders refer to any person, organization, or group that has a direct or indirect stake in an organization because it can affect or be affected by the organizations actions, objectives or policies. Such stakeholders could be external like unions, consumers, suppliers, society, government and governmental agencies, creditors and shareholders or internal like employees, managers and owners. Each category of stakeholders has a distinct interest and expectations from an organization.

Owners (private/shareholders) expect an organization to maximize profits, improve performance and direction, the government expect organizations to meet their tax and legal obligations as well as ensuring reduced employment, senior management staff are also expected to meet performance and growth targets, non-managerial staff expect high rates of pay and job security. Trade unions also expect to enjoy better working conditions and minimum wage requirements, customers expect organizations to offer value, quality, customer care and ethical products. Consumers are demanding more out of organizations than simply a quality product at a low price (Bhattacharya and Sen, 2004). Consumers expect organizations to demonstrate congruence with some social values as part of their contribution to the community (Maignan et al, 2005). Creditors on their part expect organizations to have good credit scores, secure new contracts and have more liquidity and finally the local community from which organizations taps its resources expect the organization to offer them jobs and take environmental issues seriously.

Corporate organizations are motivated to involve these various stakeholders in their decision making in order to effectively tackle societal challenges because today's stakeholders are increasingly aware of the importance and impact of corporate decisions upon the society and the environment. They have become so powerful that they can reward or punish corporations. Corporate organizations have to meet the expectations of each group of stakeholders without jeopardizing that of another stakeholder group. To meet these varied expectations with some reasonable degree of effectiveness, organizations are obliged to adopt a broader agenda which takes these diverse expectations into account.



Corporate organizations nowadays address these broad and varied stakeholder's expectations by becoming socially responsible. Corporate Social Responsibility is thus increasingly adopted by organizations operating at national and international levels to address these varied stakeholder's expectations. Kotler and Keller (2006), Shiftman and Kamuk (2000) hold that forces like rising customer expectations, changing employee expectations, government legislation and pressure, changes of investor interest in social criteria and business procurement practices drive companies to practice a higher level of corporate social responsibility.

CSR often overlaps and is at times synonymous with many features of other related concepts like corporate sustainability, corporate accountability, corporate reputation, corporate stewardship or corporate citizenship, corporate social opportunity or responsible business. Corporate Social Responsibility has gained an unprecedented global focus and attention because it touches on many salient issues in today's world.

Corporate Social Responsibility (CSR) has variously been described as a motherhood issue (Ryan 2002,p 302) the hot business issue of the noughties (Blyth 2006, p 30) and the talk of the town in corporate circles these days (Mees and Bonham 2004). CSR is rising sharply as a corporate priority and by 2011; the percentage of executives giving high priority to CSR is expected to be 70% (Franklin 2008). Corporate social responsibility has attracted so much global focus and attention over the past few decades partly because of the rapid globalization trend and because its scope incorporates globally salient issues like, climate change, corporate governance, sustainable development, consumer activism and environmental issues. By possessing a broad scope which incorporates such salient global issues has contributed enormously towards the high focus and attention CSR is attracting today

Corporate social responsibility, as a concept was developed in the 1960s in the USA with the attention that responsibilities are more than legal obligations Friedman (1984). Endede and Tavis (1998) are of the opinion that CSR string between two extremes, the market concept and the socially oriented approach. CSR therefore goes beyond legal obligations to incorporate moral obligations expected from organizations towards the communities from which they tap their resources.

Corporate social responsibility has over the past few decades greatly evolved both in concept and practice mostly due to the ever changing society. It has however been discovered that much of the research has focused on conceptualization, Carrol (1999) while contemporary studies focus on the implementation of very limited aspects of CSR (Porter and Krammer 2002). This view is also supported by Smith (2003) who reckons that little has been written about the concrete and systematic implementation of CSR in organizations.

CSR has consequently undergone several definitions over the years making it not only interesting but also controversial and multidimensional. It has been suggested that some researchers distort the definition of corporate social responsibility or performance so much that the concept has becomes morally vacuous, conceptually meaningless and utterly

unrecognizable (Orlitzky 2005). However some scholars have managed to come out with some definitions of corporate social responsibility as shown below.

Angelidis and Ibrahim (1993) defined CSR as corporate social actions whose purpose is to satisfy social needs. Corporate Social responsibility (CSR) means firms obligations to protect and improve welfare of the society and its organization now as well as in future, through its various business and social actions and ensures that it generates equitable and sustainable benefits for the various stakeholders Chahal and Sharma (2006,p 205).

Enderle & Tavis (1998) define corporate social responsibility as “the policy and practice of a corporation’s social involvement over and beyond its legal obligations for the benefit of the society at large”. According to the definition of Angelidis and Ibrahim, (1993), corporate social responsibility is “corporate social actions whose purpose is to satisfy social needs”.

Corporate social responsibility is business decision making linked to ethical values, compliance with legal requirements and respect for people, communities and environment around the world (Aaronson 2003,p 310). It could also be defined as open and transparent practices that are based on ethical values and respect for employees, communities and the environment. It is designed to deliver sustainable value to the society at large as well as to shareholders (Aaronson 2003,p 310)

This interesting phenomenon could be generally described as a situation whereby in addition to their profit maximization interest, organizations also display that tendency to consider societal interest by taking on a massive the responsibility for the impact of their activities on employees, customers, suppliers, stakeholders and local communities in which they operate not forgetting their environmental obligations as well. These obligations stretch beyond the ever pressing need for compliance with statutory legislation to encompass voluntary steps to improve on the quality of life for employees and their families, local communities and the society at large.

The importance of considering societal prosperity is because it positively impacts organizations prosperity. CSR is an effective contributor to sustainable development which could be defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs. This view is supported by Shuffman and Kanuk (2000) who stated that all companies prosper when the society prospers and would be better off if social responsibility was an integral component of every marketing decision. Similarly, McIntosh et al (1998) suggested that at its grassroots, being socially responsible has been a concern very much related to the rationale that businesses are more likely to do well in a flourishing society than in one that is falling apart . Companies prosper because CSR is an effective marketing tool for organizations. This has been strongly supported by academic and managerial literature as guidance for marketers to make social initiatives an integral part of their marketing efforts. Chahal and Sharma (2006, p 205) states that corporate social responsibility serves as an effective marketing tool..... Salmons et al (2005), state that corporate social responsibility is marketing tool to increase consumer loyalty. Socially

responsible activities may therefore affect customer loyalty in the sense that most consumers value organizations based on their Corporate Actions (CA). A consumer is viewed as loyal to a product or service if he or she demonstrates a "consistent purchase of one brand over time" (Backman & Crompton, 1991b). Olson and Jacoby defined loyalty as "a biased, behavioral response, expressed over time, by some decision making unit, with respect to one or more alternative brands out of a set of such brands, and [moreover] . . . a function of psychological processes" (Prichard et al., 1992, p.159). Customer loyalty can be defined as a behavior or altitude of a customer to purchase a particular product of a specific brand over others which are available in the market for a particular need Veneeva (2006).

Seybold (2001) hold that because it is much cheaper to serve loyal customers than to maintain their support, customer loyalty is of great value to organizations.

However, despite the undeniable prominence and advantages of being socially responsible, most corporations nowadays talk much and do less about social responsibility. This may lead to growing consumer skepticism towards corporate propaganda.

Precisely speaking, a skeptic could be defined as a person who is inclined to question the truth of facts, inferences, etc (Oxford dictionary, 1982). Mohr et al. (1998), suggest that skepticism is one of two constructs that aid in explaining people's reactions to communications. Kanter and Mirvis (1989, p. 301), opined that "skeptics doubt the substance of communications. A highly skeptical person will perceive the accuracy of a claim to be low; a person with a low level of skepticism will rate the accuracy of a claim to be higher. Ford, Smith, and Swasy (1990) have found that consumers are skeptical of all kind of claims, even those that are easily verified. Such claims include those made by corporations that they are socially responsible.

Corporate compliance with the demands for social responsibility has emerged as a topical issue, an issue that this work will dwell upon and attempt to clarify.

## 1.2 RESEARCH PROBLEM

From the preceding discussion, is clear that CSR has grown dramatically and has in the course of this growth gained an unprecedented global focus and attention. As a marketing tool, CSR has the potential to bring on board an enhanced or improved financial performance. This may particularly be true if corporations do much and talk less about their social responsibility.

Our research problem therefore is to find out the extent of corporate compliance with social responsibility expectations.

## 1.3 RESEARCH OBJECTIVES

The objectives of this research work are threefold namely:

1. To get an in-depth understanding of CSR.
2. To find out the degree of corporate compliance with social responsibility expectations.

3. To find out the extent to which CSR is valid theoretical basis from which to judge the actions of global companies.
4. To find out the degree to which global corporations contribute to the betterment of the communities in which they operate.

#### 1.4 RESEARCH QUESTIONS

On the basis of the above research problem and objectives the following research questions can be framed

- *Which activities or programs of a corporation fall under the “corporate social responsibility theme”?*
- To what extent is CSR a valid theoretical basis from which to judge the actions of global companies?
- To what extent do corporations live up to their social responsibility expectations?
- To what extent does the action of global companies improve on the lives of people within their sphere of operation?

#### 1.5 SIGNIFICANCE OF STUDY

This research work deals with the salient concept namely Corporate Social Responsibility (CSR), a concept that has undoubtedly gained an unprecedented global focus and attention because its broad and highly diverse nature touches on several issues which are frequently under the international spotlight like environmental protection, provision of opportunities to the economically disabled as well as access to health and education for the less privileged amongst others. This work provides an unrivalled understanding and sufficient clarifications on the concept of corporate social responsibility. Furthermore, this work reveals extent to which corporations comply with the growing social responsibility expectations in our contemporary context. These important findings will ultimately serve as an ethical check on their activities. This may stir less compliant corporations towards becoming more socially responsible while those regarded as compliant stand to enjoy a great deal of consumer loyalty thereby increasing corporate profitability, shareholders wealth and societal welfare.

## 1.6 SCOPE OF STUDY

This work will mainly exploit internet based secondary data, a thorough review of previous studies undertaken in this field and related fields in the shape of literature review will also be mentioned. The motivation for this move is to provide a profound comprehension of the concepts and theories that will be investigated in the course of this work as well as answer some of the research questions earlier raised. The methodology will then furnish an explanation on the approach which will be used to answer the research questions. Our internet based findings will then be presented and the study will ultimately round up with some important conclusions and recommendations for further research.

## CHAPTER II LITERATURE REVIEW

### 2.0 CHAPTER SUMMARY

In this chapter, the concepts of corporate social responsibility shall be thoroughly reviewed from the theoretical point of view. Under this heading, previous definitions propounded about CSR, a look at CSR from the communications perspective and conceptual evolution of CSR shall be reviewed. Furthermore, CSR shall be reviewed in the context of marketing, communication and advertisement and finally the fallouts of CSR at the corporate level shall be revisited as well.

### 2.1 CORPORATE SOCIAL RESPONSIBILITY DEFINED

Corporate Social Responsibility (CSR) has been a very topical issue in corporate spheres over the past few decades as several scholars have attempted to clarify what it actually means leading to the birth of several definitions, all attempting to bring out what CSR is all about.

Corporate Social Responsibility is business decision making linked to ethical values, compliance with legal requirements and respect for people, communities and environment around the world (Aaronson 2003,p 310). It could also be likened to open and transparent practices that are based on ethical values and respect for employees, communities and the environment. It is designed to deliver sustainable value to the society at large as well as to shareholders (Aaronson 2003,p 310)

Moon (2002) defines CSR as the voluntary contribution of finance, goods or services to community or governmental causes. It excludes activities directly related to firms' production and commerce. It also excludes activity required under legislation or government direction.

According to Utting (2005), it refers to voluntary initiatives that aim to improve a corporation's social, environmental, and human rights record.

McWilliams and Siegel (2001) define it as '... actions that appear to further some social good, beyond the interests of the firm and that which is required by law'. In essence, CSR includes extra-legal initiatives undertaken by companies towards pacifying members of the community their operations affect.

#### 2.1.2 LEGAL AND ETHICAL RESPONSIBILITIES

To further provide an in depth knowledge of CSR the legal and ethical aspects shall be examined. These aspects have been of special interest to several writers as reviewed

### 2.1.2.1 Legal Responsibility

News of social irresponsibility like in the case of Enron or social misconduct like in the case of the delta in Nigeria has focused attention on ethics in business, government, business schools as well as professional bodies (Spero C. Peppas, 2003).

Corporations are expected by society, not only to operate with the motive to make profit but also to adhere and comply to the laws and regulations put in place by the government within which that corporations operates in. Corporations are thus expected to achieve their goals and missions within the framework of the law. The legal aspect goes hand in hand with the ethical aspect of corporate social responsibility. Ethical aspects embody basic notions of fair operations as established by our lawmakers (Archie B. Carroll, 1991).

The following are important components of legal responsibilities of corporations (Archie B. Carroll, 1991):

1. Performing in a manner consistent with expectations of government and law.
2. Complying with various federal, state, and local regulations.
3. Being a law-abiding corporate citizen.
4. A successful firm being defined as one that fulfills its legal obligations.
5. Providing goods and services that at least meet Minimal legal requirements.

### 2.1.2.2 ETHICAL RESPONSIBILITIES

News of social irresponsibility like in the case of Enron or social misconduct like in the case of the delta in Nigeria has focused attention on ethics in business, government, business schools as well as professional bodies (Spero C. Peppas, 2003).

As oppose to legal responsibilities of CSR which embody norms about fairness and justice, ethical responsibilities duel on the activities that are expected or prohibited by society even though they are not codified into law. Ethical responsibilities embody what consumers, shareholders, employees, and the community regard as fair. In effect, ethical responsibility seems to be the most highly regarded value when it comes to consumers making decisions based on CSR.

The following are a list of important components of ethical responsibilities (Archie B. Carroll, 1991).

1. Performing in a manner consistent with expectations of societal morals and ethical norms.
2. Recognizing and respecting new or evolving ethical/ moral norms adopted by society.
3. Preventing ethical norms from being compromised in order to achieve corporate goals.
4. Good corporate citizenship being defined as doing what is expected morally or ethically.
5. Recognizing that corporate integrity and ethical behavior go beyond mere compliance with laws and regulations.

Broadly speaking therefore, corporate social responsibility is a concept whereby in addition to their interest, organizations also consider societal interest by taking on a massive the responsibility for the impact of their activities on employees, customers, suppliers, stakeholders and local communities in which they operate not forgetting their environmental obligations as well. These obligations stretch beyond the ever present need for compliance with statutory legislation to encompass voluntary steps to improve on the quality of life for employees and their families, local communities and the society at large.

Corporate social responsibility (CSR) has been the focus of the studies of most emerging companies. Recently, most executives acknowledge the importance of social and environmental Responsibility. According to recent surveys, they see the effect of CSR on their companies' reputations, and their customers. But when it comes to translating social responsibility into meaningful programs and embedding it in the business, companies range from leaders to laggards—with the majority somewhere in between (Lawrence A. Crosby and Sheree L. Johnson 2006). As a result of such doubts and hesitation in the implementation of CSR programs due to the limited research and established benefits to a business entity, corporate social responsibility (CSR) has emerged in recent years as both an important academic construct and a pressing item on the corporate agenda (Sen and Bhattacharya (2001); Harrison and Freeman, (1999)). A growing number of companies are accepting the concept of CSR with a view to establish what it actually means. As a result of this, companies are taking a variety of initiatives all aimed at making sense of CSR (Cramer et al., (2004). One of the reasons for this growing interest in CSR is because of its influence on consumer behavior at a time when consumers are demanding more out of organizations than simply a quality product at a low price (Bhattacharya and Sen, (2004). Consumers expect organizations to demonstrate congruence with some social values as part of their contribution to the community (Maignan et al. (2005).

## 2.2 CORPORATE SOCIAL RESPONSIBILITY FROM A COMMUNICATIONS PERSPECTIVE

Philip Kotler and Nancy Lee identified six CSR programs from a communicators perspective which include,

- a) Cause Promotion
- b) Cause Related Marketing
- c) Corporate Social Marketing
- d) Corporate Philanthropy
- e) Community Volunteering
- f) Socially Responsible Business Practices.



### 2.2.1 CAUSE PROMOTION

These programs are very expensive to run. Here CSR is implemented as program based on providing funds, in kind or contribution, or by means of other known corporate resources as a means to increase awareness and concern about a social cause or as a mean to support fundraising or voluntary recruitment for a cause. This kind of program requires large financial resources or other kind of contribution from companies. For example the Body Shop Company engaged in 1990 to convince the public on the use of animal to test cosmetics.

### 2.2.2 CAUSE RELATED MARKETING (CRM)

CRM refers to the branch of CSR that deals with a company committing to make contribution or donation based on fix quantum for each product acquisition, percentage of a sold product, etc. In this case an organization is usually partnered with a nonprofit organization.

An example is Comcast donating 4,95 dollars of installation fees for high speed internet service to Roma McDonald for charity at the end of every month.

Its objectives are:

- To create an opportunity for Representatives to create relationships to their customers.
- To improve consumer perceptions and to differentiate Comcast from its competitors.
- To make a real and sustainable difference to a cause their customer care about.

### 2.2.3 CORPOARTE SOCIAL MARKETING

Here the main focus is on behavior. Management uses this type of CRS program to facilitate the change in behavior from a negative to a positive one. Here a corporation supports the development and implantation of a behavior change campaigned which is intended to improve public health safety, traffic safety, natural disaster or any social related cause. For example Philip Morris encouraging parents to talk with their children about the use of tobacco.

A Social Marketing Campaign is adequate in the case where the company's profile is related to the social problem or there is the vision to increase sales.

### 2.2.4 CORPORATE PHILANTROPY

This is perhaps the oldest CSR program in existence. Here a corporation makes a direct contribution to a charity or cause, most often in cash, grants, donation, products or corporate services. Action which are philanthropic in nature include

- Donation of money or products or services
- Financings of projects
- Scholarships
- Distribution channels or locations or equipments access.

A philanthropic programme is useful when the brand positioning enhancement is intended or the company intends to cut into a new market.

## 2.2.5 COMMUNITY VOLUNTARING

It's a kind of initiative that encourages the employees, retailers and /or franchise partners to volunteer their time to support local community or a particular cause. The core objective here is to use the volunteering to give more impact to the social initiatives and the business objectives and Company's values of communication. Some causes that constitute community volunteering include

- Volunteering promotion as an organizational value
- Some causes recommendation through the internal communication
- Volunteering equipments, recruitment and organization

## 2.2.6 SOCIAL RESPONSIBLE BUSINESS PRACTICES

Here, a corporation aims at conducting discretionary business practices or investments that support social causes to improve the well being of a community or protect the environment (for example, the "Youth Smoking Prevention" programs, initiated by Philip Morris).

## 2.3 CONCEPTUAL EVOLUTION: THE RISE OF SCHOOLS OF THOUGHTS ON CSR

The concept of corporate social responsibility stems right back from the early 1960's in the USA. Corporate social responsibility is an aspect of an organization that on its own encourages business organizations to pay balanced attention to economic, social and environmental factors, and to fully embrace the concepts of political, civil, social, economic, cultural, and human rights; advocating the philosophy that all human values depend on a healthy, ecological, social, and economic context. The concept of CSR has evolved and grown alongside the changing technology and competitive business environment. Advocates or scholars of CSR have various notions and school of thoughts about CSR which have spun and change over time depending on the economic perspective and point of view.

### 2.3.1 CORPORATE SOCIAL RESPONSIBILITY AS A SOCIAL OBLIGATION

The first school of thought developed and advocated by Bowen (1953) views CSR as a social obligation. He argued that at its very core, CSR has a responsibility to society which goes beyond complying with legislation and securing profit. This concept was further developed by Carrol (1979) and he identified different types of social obligations which range from

- economic obligations (being productive and economically viable)
- ethical and legal (keeping to laid down laws, values and norms)
- philanthropic obligation (contribution to society)

Yet another school of thought argues that business have no responsibility to the society as a whole but rather to those who directly or indirectly affect or are affected by the firms activities. Pro-scholars of these views include Donalson and Preston (1995). They identified

those who directly or indirectly affect or are affected by the firms CSR activities into four categories (Henriques and Soclorsky (1999). These include

- organizational(employees, customers, shareholders, suppliers)
- community(local residents special interest groups)
- regulatory (e.g. municipalities, regulatory systems)
- Media stakeholders.

### 2.3.2 CORPORATE SOCIAL RESPONSIBILITY IS ETHICALLY DRIVEN

Besides being considered as a social obligation, other schools of thoughts view CRS as ethics driven. They see it as oscillating somewhere between the earlier two views (Bronn and Vrioni 2001). They argued that the underlying theme in the practice of CSR is self interest which enables business to gain the constituents (Swanson 1995). It is thus evident that CSR is not just some random undertaking in a firm, but rather functions executed exclusively to achieve organizational objectives and social welfare. In trying to understand the reason for the different school of thoughts, Woodland identified different perspective and angles from which the schools of thoughts are developed, which include

- the business in general
- the firm
- decision maker(manager)

### 2.3.3 CSR IN A MARKETING FRAMEWORK

Recent research on CSR has focused mainly on the marketing aspect. Sen and Bhattacharya (2001) has been increasing evidence linking CSR program and initiatives to business performance and that corporate social responsibility is increasingly being recognized and implemented by firms as they see it as being central to core business activities. In a bid to be good citizens, most companies affiliate with causes such as aids, breast cancer, drug prevention, gay rights literacy, mental and physical disabilities and racial harmony. Minette E Drumwright (1996). CSR activities that have a relation to marketing aspects fall under one of the following domain; cause-related marketing, corporate issue promotion, corporate social marketing, social issues, mission marketing, or passion branding Minette E Drumwright (1996). Recently, there has been established a significant increase in the amount of money companies are willing to spend on social activities with a marketing dimension.

### 2.3.4 COURSE RELATED MARKETING:

There is just one and only one commitment of business; using its resources and engaging in activities that are designed to make it better off by increasing its profit (Friedman, 1970, 1982)

This theoretical approach to CSR has been supported by various scholars as long as they adhere to set obligations within the rule of the game (Fieser1996). Various social responsibility initiatives have become popular over the last century which has marketing as their focus. One common and popular form of such activity is called Cause Related Marketing (CRM). It involves a company making a certain amount of contribution to a nonprofit

organization when their products are purchased. Some prominent scholars of CRM are Varadarajan and Meneon (1988). They pointed out that as well as CRM contributes to societal well, it leads to an increase in companies revenue likewise, they defined CRM as “The process of formulating and implementing marketing activities which are characterized by an offer from the firm to contribute a specified amount to a designated cause when customers engage in revenue-providing exchanges that satisfy organizational and individual objectives” (Varandarajan and Menon 1998). Earlier research on consumers general response have been done by many scholars like Ross, Stuuts and Patterson (1992), Smith and Alcron (1991). These researches were generally carried out to determine consumer’s attitudes, perception towards a company, or brand. Researches on average show that consumers generally have positive attitude towards companies carrying out CRM (Webb and Mohr 1998). Consumers believe that companies sponsoring CRM are socially responsible and turn to increase the willingness of consumers to buy a company’s product (Ross Patterson And Stutss 1992). Mullen (1997) noted that CRM creates added value and directly enhances financial performance. In doing so, there is no doubt that CSR acts as a foundation for the long term value needed for a company to survive in a competitive market environment and thereby achieve competitive advantage over its competitions, Collins (1993).

CRM can be viewed as a marketing program that strives to achieve two objectives; improve corporate performance and help worthy causes by linking fund raising for the benefit of a cause to the purchase of the firm’s product and/or services Rajan Varadarajan & Anil Menon(1988). So generally speaking, CRM is CSR with marketing objective or a marketing programme with social objectives.

There have been various critics on the concept of CRM. It has been frequently linked to sales promotion as evident from Grahn, Hannaford, and Laverty (987), they pointed out that CRM was a tie in between corporate philanthropy and sales promotion. Rajan Varadarajan & Anil Menon(1988) argued that the distinctive feature of CRM is the firm's contribution to a designated cause being linked to customers' engaging in revenue-producing transactions with the firm (exchange of goods and services for money). They argued that firms have for a long time used CRM as a means to enhance their corporate image, and to cultivate favorable attitudes in the minds of consumers. With these goals and objectives in mind, even after the CRM programme ceases, the corporation can still keep on boosting of sales increases as a result of the goodwill generated among consumers by the CRM sponsored program. They can boast of increases in sales due to an established consumer based that have been created leading to whole new arena of loyal consumers. In carrying out CRM activities, most companies hope to market their socially responsible behavior to consumers of their product and create awareness at the same time about their products which have a direct impact on their shares and customer loyalty (Stewart, 1998).

Given the same quality and prices of a product, research have shown that consumers will most likely turn to associate themselves more with brands that have a cause related marketing benefit(rsw,1993,1996). If properly executed, CRM has proved to be an important aspect in the enhancing of companies image, reputation and likewise loyalty of a company. This is particular true especially when CRM is properly executed with a tie to the goal of the organization and making it a long term objective rather than a short term tactic to increase sales of its products Duncan and Moriarty (1997).

Some basic objectives of CRM both long term and short term as pointed out by Varadarajan & Menon (1988) include; gaining national visibility, enhancing corporate image, thwarting negative publicity, pacifying customer groups, generating incremental sales, promoting repeat purchases, promoting multiple unit purchases, promoting more varied usage, increasing brand awareness, increasing brand recognition, enhancing brand image, reinforcing brand image, broadening customer base, reaching new market segments and geographic markets, and increasing level of merchandising activity at the retail level for the brand. They stressed for a need of the long term goals for causes like building reputation, and achieving loyalty.

Early research like that of Ross, Patterson, and Stutts 1992; Smith and Alcorn 1991; Webb and Mohr 1998 have focused on the general response of consumers to CRM. The most common form of examined research to determine the perception and attitude towards the company or product are those of surveys and interviews. Most research indicates that consumers generally have positive attitudes towards companies that have CRM programs. They tend to such companies are socially responsible (Ross, Patterson, and Stutts 1992). These established positive effects has mostly form a base and reasons for most companies to engage themselves in CRM activities. However, most companies have found it difficult to measure the direct amount of benefit or outcome that arises due to the implantation of a particular CRM initiative. This is largely due to a limited research in this area of study. From 1989 up to the year 1992, CRM grew from \$100 million in corporate expenditures to \$254 million in the United States (Andreasen 1996). Other figures for that same year placed it to be as high as \$2 billion (Smith 1994). A survey showed that CRM was well perceived among customers and that they directly affect the customer's decision making and judgment with long term identification to the company (Carringer 1994). For example, 64% of American adults surveyed said they believe that cause marketing should be a standard part of a company's activities; 78% said they would be more likely to buy a product associated with a cause that they care about; and 84% said cause marketing creates a positive company image.

### 2.3.5 STRATEGIC PHILANTROPY

Strategic philanthropy is defined by Debbie Thorne and Linda Farrel (2002) as the systematic use of organizational core competencies and resources to address key stakeholders interest and to achieve both organizational and social benefits. It includes social aspects like corporate giving, volunteer efforts and other societal contributions. It involves employees, customers, suppliers, societal needs, organization expertise which include resources like, equipments and finance. Strategic philanthropic practice in firms can be dated back to the 1980's where it emerged as a branch of corporate social responsibility and as a management and marketing tool in USA. Since then, many firms in many countries have adopted strategic philanthropic scheme as a means to tie firms societal activities to business goals and objectives (mostly long term) with the emphasis that such activities could advance business interest (smith, 1994) . In embracing a strategic philanthropically approach to CSR, firms turn to meet up with the responsibility to their shareholders and their commitment to the community (Saporta, 1997). This branch of CSR are principally structured by firms into corporate foundations, employee committees to oversee corporate giving and staff functions devoted to the effort. These structures come at a huge cost to firm but at the same time, many firms have discovered many benefits which outweigh the huge implementation cost in the long run. These include, increased customer loyalty, enhanced firm reputation and strengthening of employee commitment and productivity Smith (1994).

## 2.4 COMMUNICATING CSR AND ADVERTISEMENT

As earlier mentioned, many organizations are getting increasingly focused on CSR. More companies have recognized the importance of CSR activities and are mostly integrating it into their marketing strategy. Implementing CSR programs is just one important step in the life cycle of a CSR program. After implementation, it's important to communicate this CSR initiatives undertaken to the various stakeholders be it internal or external stakeholders. In his research on the importance of communication to CSR Dawkins,( 2005) noted that "communication often remains the missing link in the practice of corporate responsibility, so companies are not getting full credit for their responsible corporate behavior". This implies Communication is very vital for CSR to achieve the goals or objectives it was meant for in organizations. A company's CSR actions can increase the attractiveness of its products. Early research has shown that, preconceived knowledge and believes of CSR activities by a consumer has an impact upon the consumers bond or loyalty, thus the importance of communication should not be underscored (Sen and Bhattacharya 2001). For organizations to fully benefit from their CSR activities, they must consider the need to improve on the effectiveness of communicating organizations responsible practices if the consumer's loyalty and purchase behavior is to be influenced. This implies communicating the message to those beyond those consumers who are already engaged in the issue. It involves extending the net of the CSR to fall beyond those already influenced by it. Dawkins, (2005) Different types of communication activities include; advertising, word of mouth, sales promotion, public relations and interactive communications between the contact persons in different organizations and between customers and companies. Public relations in the form of environmental and social reports are becoming a more popular means of keeping stakeholders informed (shareholders, investment funds, business partners, and employees). Websites are also becoming very popular in communicating CSR activities of organizations (Maignan and Ralston 2002). Knowledge thus plays a very important rule in consumers' evaluation of a company and its products (Brown and Dacin, 1997). There are various phases and strategies in implanting a CSR campaign. Firms may choose from a combination of strategies which constitute the basic features of CSR communication. They included

### 2.4.1 PROACTIVE/REACTIVE (RICKS JR, 2005)

A proactive program is one which is designed to put an organization at the forefront of its competitors by increasing its visibility to the public in a bid to attract more customers and to enhance corporate image. It does not benefit a particular sector of an organization but rather the whole company as a whole. This is as opposed to reactive program which have a direct aim at addressing stakeholders concerns or in respond to business shortcomings or mismanagement. For example social and environmental mishap respectively include that of Nike addressing its Nike's employment conditions and a petroleum company like Exxon addressing a key environmental incidence.

### 2.4.2 PROMOTIONAL/INSTITUTIONALISED (PIRSCH, 2007)

Promotional CSR programs focus on finding a link between CSR and driving sales of a particular product. For example, cause related marketing activities. Further evidence from this study shows that promotional programs lead to an increase in purchase intent. Institutionalized programs on the other hand are adopted to wipe out or downplay consumers' skepticism on the firms' motivation on adopting a CSR program Pirsch (2007). Further evidence from this studies reveal that institutionalized studies are more effective at increasing

customer loyalty, enhancing attitude towards the company and minimizing consumer skepticism towards CSR motivations.

## 2.5 THE FALLOUTS OF CORPORATE SOCIAL RESPONSIBILITY PROGRAMMES

Summarily speaking, there is enough research to establish a great number of rewards in the implementation of CSR. Schiebel and Pochtrager (2003) believe that there exists six key responsibilities or dimensions of CSR namely customers, employees, business partners, the environment, the communities and investors. Corporate decision makers must thus ensure a proper management of these, to reap the full benefits of CSR. These benefits range from benefits to stakeholders and shareholders and subsequently in increasing the market share of an organization. Benefits established after years of research include; benefits that CSR initiatives provide to companies in term of enhancing the consumer perception of a product or service (Sen and Bhattacharya 2001). Fombrun and Shanley (1990) further suggest that CSR increases the reputation of an organization and in doing so enables firms to charge premium prices, enhance their access to capital markets and attract a greater and better number of investors and employees. In a nutshell, it will lead the company to have a competitive advantage in the market place Fombrun and Shanley (1990). It leads or increases financial performance, increased customer loyalty, minimizes risk, greater employee commitment and motivation, reduces operating costs and enhances brand image and reputation Schiebel and Pochtrager( 2003).

In today competitive market, customers are demanding more value for their money spent on products and services. Recent surveys by Cone and Roper (1993) shows that most consumers favor in one way or the other socially responsible companies. A survey carried out by Cone and Roper in 1993 showed that one third of Americans say that after price and quality, a company's involvement in socially responsible practices is the next important aspects in making a decision whether or not to buy a brand.

To buttress our understanding of corporate social responsibility, we shall look at the concept this time from the empirical perspective as explained below.

## 2.6 EMPIRICAL REVIEW OF THE CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY.

In this section, one empirical research work, on corporate social responsibility shall be reviewed with emphasis on the methods used, sampling, experimental findings and conclusions drawn. The concept of corporate social responsibility has evolved over time and many multinational corporations and companies have been working on how to best apply and adapt these concepts to enable them create positive customer awareness and benefit from customer loyalty. There has been some empirical evidence which explore the relationship between CSR and customer loyalty and how firms do benefits from the CSR concepts if well implemented. We shall review one major experiment to explore some of the importance that a firm will benefit if the concepts of CSR are well implemented.

## 2.6.1 EXPERIMENT REVIEW

When firms embrace and implement the concept of CSR they create some awareness amongst various stakeholders especially the consumers of being ethical. This may cause their customers to be loyal to their services or products. The first reviewed experiment explores consumer awareness of CSR in the Australian banking sector and comes out with some interesting results and conclusions.

### 2.6.1.1 INTRODUCTION

There is a record number of research works on the business benefits of undertaking corporate social responsible initiatives. With the large amount of money that is fueled to such activities, shareholders in general have for a while now been questioning such projects based on lack of evident in most cases of business benefits. At the same time consumers are beginning more skeptical of such activities. At times make decisions based on such skeptics. However, this skeptics and response by consumers to CSR initiatives will be of very little practical relevance if the awareness of such initiatives among consumers is very low. It is therefore safe to assume that awareness of firm CSR activities is very crucial if CSR is to act as a point of reference for decision making by consumers McWilliams and Siegel (2001). It is in this light that a research was carried out to determine the awareness state of consumers of CSR activities of business and also to determine the extent to which consumers are aware of the social issues firms engage with their CSR programs. This research, titled `Consumer response to corporate social responsibility initiatives: An investigation of two necessary awareness states` by Sara Dolnicar, Alan Pomeroy, University of Wollongong. This investigation was carried out in the context of the Australian banking sector.

The choice of this case study (Westpac) is an informed one because of the following:

- (1) Its reputation with respect to its implementation of CSR activities based on its domination on the Australia`s annual corporate responsibility index.
- (2) The banking sector being a high involvement service with characteristics that include frequent consumer purchase, risky markets for consumers, consumes buying behaviors. This is true because in a high involvement arena like a bank, consumers process information actively before making a buying decision. Which is the other way round.
- (3) There is a strong and continuous or ongoing relationship between customers and their banks. The consumer has an ongoing relationship with the banks that is very relevant for both parties. This leaves the bank with many forms of contacts and marketing communication and interaction with their consumers at many levels, including retail branches, internet banking teller machines etc.
- 4) The Australian banking sector has for a while prior to the experiment been experiencing considerable amount consumer disaffection due to unpopular operational practices, such as the introduction of fees and the closure of retail branches in rural areas. This has given consumers the appeal to focus more on rewarding socially responsible firms and thus the desire for information on CSR. In such an environment, it is expected that consumers will be comparatively be more alert of banks CSR activities.



### 2.6.1.2 METHOD AND SAMPLING

A total of 415 consumers completed the permission based online-panel survey which was conducted by a commercial research service provider. The panel members were randomly selected from the database to represent the Australian adult population. The questionnaires contained a number of questions aimed at understanding their CSR awareness level.

#### 1 General familiarity

Respondents' general level of familiarity with a product related characteristics and social initiatives of their brands was determined by using a seven point scale anchored at not very familiar and very familiar in the questionnaires.

#### 2 Verbal CSR stimuli

A list of actual CSR that Australian banks were attached to was developed, which was done by studying the bank Web-pages as well as through interviews with representatives of each bank who was Responsible for CSR initiatives. E.g. "Partner with Good Shepherd Youth & Family Services." Respondents were then asked to assign each initiative to a bank or to state that they were unsure which bank was engaging in this initiative.

#### 3 Graphical CSR stimuli

The same question was repeated but this time using graphical stimuli rather than verbalized descriptions of the initiatives. Graphics included logos and etc.

#### 1. Awareness of social issues

Respondents were presented with a list of 12 social issues which appeared on bank web pages in relation to their CSR initiatives. And their level of awareness of each issue was determined using a seven point scale anchored at very low and very high. The issues included: "general Employment conditions; the environment; corporate funding for the arts; national Social problems; ethical business practices; the financial skills of indigenous Australians; the work of different charities: corporate funding for sport; executive pay levels in public companies; ethical supply chain sourcing; educational problems of the financially disadvantaged; and local community social problems"

### 2.6.1.3 RESULTS

#### • General familiarity

Respondents reported significantly higher awareness of their bank's financial activities than its pro-social performance. Those reporting being "familiar" to "very familiar" with their bank's financial activities made up 39 percent of respondents, while those reporting the same degree of familiarity of their bank's social activities accounted for only 12 percent of respondents. Only seven percent of participants answered "yes" to being familiar with any initiative(s) their (main) bank was involved in aimed at improving social or environmental conditions in their community.

#### • Verbal CSR stimuli

In trying to match a variety of social partnered organizations a CSR programs in different banks, and using written examples of such CSR initiatives, the experiment pointed out that

general awareness was low with a greater percentage of respondents being unsure (between 54 and 91) and the percentages of those making a correct matches ranging from 2 percent to 13 percent

- Graphical CSR stimuli

General awareness in matching the logos was equally low, with those answering "unsure" falling between 74 to 93 percent. These low levels are generally surprising as the researchers were expected that customers will benefit from visual recall of banks logos which is usually associated with a CSR message.

- Awareness of social issues

The research indicated a general low level of awareness. "Very high awareness" of the 12 social issues taken from the banks own websites fell between 1 percent and 9 percent. The highest number of respondents felt familiar with environmental issues.

"Very low awareness" was between 8 and 34 percent of respondents. Corporate funding of the arts accounted for the least familiar social issue.

#### 2.6.1.4 CONCLUSION

The aim of our study was "to examine the level of awareness of CSR initiatives Australian banks are engaged in as well as the awareness of the social issues Underlying these initiatives" the above results indicate a general low level of awareness of social issues and initiatives engaged in by banks and there was a general low awareness level of specific CSR initiatives of individual brands and an equally low level of awareness of initiatives banks involved in which was aimed at improving social or environmental conditions in their community.

The literature reviewed above provides some invaluable insights on consumer awareness about CSR. These findings contribute significantly to our understanding of CSR and the attainment of our objective of providing an in-depth understanding of CSR. However to completely attain our remaining objectives notably that of corporate compliance to social responsibility, we need further data and analysis to make dependable conclusions. For us to effectively realize this objective we need a method to analyze how our data was gathered, analyzed and finally how we presented our findings. This is the fundamental objective the chapter that follows.

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.0 CHAPTER SUMMARY

This section brings out the approach used to answer the research questions. This approach gives an empirical explanation on answering the research question by using a research design, methodology approach, and methods of data collection, method of data analysis and validity and reliability of the method. All these will give a better picture to explaining how results were achieved.

#### 3.1 RESEARCH DESIGN

This research work was based on an exploratory design to answer the research questions because of the set objectives and nature of the work. Ghauri and Grønhaug (2005) defined a research design as an overall plan for relating the conceptual research problem to relevant and practicable empirical research. In other words, the research design provides a plan or framework for data collection and its analysis. There are three types of research design exploratory, descriptive and causal. This research work was exploratory aimed at investigating/evaluating the CSR initiatives in different multinational companies. A qualitative research method was used in this study to explain how far multinational companies carried out their CSR initiatives and match with conceptual framework.

Another important aspect worth mentioning in our research design is the time horizon used.

Sekaran(1992) opined that the time horizon may either be cross sectional, one shot (data collected at once) or over a period of several days or months or longitudinal study whereby data is collected at more points in time. This study opted for a cross sectional time horizon of Zikmund (1997), and Sekaran (1999) in order to gather enough data as possible over a long time period.

#### 3.2 METHODOLOGY APPROACH

The research approach was exploratory, based on a case study of some multinational companies and how their CSR initiatives were being analyzed using web based sources. Yin (2003) defined a case study as an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident. The usefulness of the case study approach lies in the fact that it clarifies doubt between a particular phenomenon and a practical situation. Many conceptual theories have been written over the past decades on the best CSR programs but a detailed investigation/evaluation of CSR initiatives by multinational companies had not yet been explored. The case studies used in this study is a multiple-case design where information about how far these salient multinationals analyze their CSR initiatives were done through web based sources. This work was exploratory in nature and we used a multi-case design.

### 3.3 DATA TYPE AND METHOD OF DATA COLLECTION

There are mainly two sources of data namely primary and secondary data used by researchers in order to properly answer their questions and attain set research objectives.

Primary data refers to data that has not yet been processed and is still in its raw or original state. Such type of data is gathered through interviews, observations, field surveys or the administration of questionnaires.

Secondary data on the other hand is one that is gathered from previous research works and has thus been processed or refined.

This piece of research work used mainly secondary data because of its largely exploratory nature. It made use of a plethora of previous research works in the domain of corporate social responsibility and other related domains which are relevant for the attainment of our research objectives.

The data collected or gathered in this research work was generated from a broad range of internet based sources. This method of collection was preferred because it provided an easy access to a rich pool of previous research works.

This method was used to gather secondary data on the corporate social responsibility activities of a number of salient multinational corporations operating in several continents across the globe. The data collected was analyzed and presented as explained below.

### 3.4 DATA ANALYSIS AND PRESENTATION

Data gathered in order to answer the research questions and attain the objectives of this research work was analyzed qualitatively and presented to show how the results were obtained.

The presentation was done in the form of case studies with each corporation on which data was collected presented as a separate case study.

In each case study examined, our interest was to provide a rundown of the corporate social responsibility initiatives undertaken by each of these multinationals followed by an analysis of their flaws in the domain of social responsibility. The motive for this was to provide an unbiased or balanced perspective and approach to answering our research question on the extent to which corporations comply with corporate social responsibility demands.

### 3.5 FRAMEWORK FOR ANALYSIS AND CONCLUSION; MANAGEMENT RESPONSIBILITY

In an attempt to check on social responsibility compliance, we decided to use the following management responsibility framework as an instrument/technique to link our research findings to our conclusions. Though this technique highlights the mainly the ethical and legal aspects of corporate social responsibility, we consider it invaluable in linking our findings to our conclusions. In order to better link this concept we shall first and foremost explain the three ethical approaches with a management perspective (Carroll 1987); immoral management, amoral management and Moral management.

#### 1. IMMORAL MANAGEMENT:

Immoral management is characterized by corporations whose decisions, activities, actions and behavior are in every way opposed to what the community and stakeholders see as right or ethical. Corporations under such a management care think only about their success and profitability. They will stop at nothing to achieve profits and they see ethical and legal norms basically as a barrier to progress and profitability. Their overall goal is to exploit opportunities in all form possible for personal or corporate interest. Such corporations are mostly responsible for polluting the environment, labor exploitation, actively disregard of community needs, taking full advantages of a community resources without giving back anything in return, violating zoning and other ordinance whenever it can for its own advantage, plant or business closing leading to job loss in all form, taking advantage of customers in marketing decisions, advertising, pricing, packaging, distribution etc. This is the worst forms of managing and can be alternatively referred to as irresponsible management.

#### 2. AMORAL MANAGEMENT:

Amoral management fall somewhere in-between immoral management and moral management. Such corporations go on with their daily schedule not being aware of the fact that their actions and decisions may have a deteriorate effect on others, be it its customers or the community in which it operates. This could be attributed to carelessness or negligence. Corporations under this category stay under the legal umbrella as their guide to what is ethical or not. They find their form of ethics within the legal sphere in business. example: The beer, liquor and cigarette industries did not anticipate that their products would create serious moral issues like alcoholism, drunk driving deaths, lung cancer, deteriorating health, and offensive secondary smoke in effect, they run their business by adhering to laid down laws by governments without looking at what's fair from the perspective of the customer and no consideration given to the ethical implication of interactions with customers. Furthermore, they do not take the community or its resources onto account when making their decisions as long as what they are doing falls within the law.

#### 3. MORAL MANAGEMENT:

In moral corporations or corporations characterized by morale management style, ethical norms that adhere to a high standard of right behavior and standards are executed. Such

corporations adhere to accepted and high levels of professional conduct, and also commonly exemplify leadership on ethical issues. They aim at being profitable, but only within the confines of both sound legal and ethical dimensions, such as fairness and justice. Such corporation view law as a minimal ethical behavior and have an objective to operate well above laid down laws. An example of a moral management include when IBM pioneered the development of an Open Door policy by which employees might pursue rights and also a Four Principles of Privacy to protect privacy rights of employees. Such corporations are characterized by their fair treatment of customers, fair value to customers, full disclosure, fair guarantee and satisfaction and a fair interpretation and respect of consumers' rights. They see community and corporations goals as mutually independent with respect for environment and they are constantly involved in institutional creation for the good of the community.

These management categories shall help us at the end of the paper to determine and choose the management category that suits the behavior of corporations examined. This link is important in attaining our objective of the extent to which corporations adhere to CSR demands by providing a more technical perspective.

## CHAPTER FOUR

### DATA PRESENTATION AND ANALYSIS OF FINDINGS

#### 4.0 CHAPTER SUMMARY

As earlier stated, this piece of research work is largely exploratory; it pulls secondary data from a broad variety of internet based sources. In this chapter, secondary data collected will analyze and presented in the form of case studies. To get a clear picture of the extent of corporate compliance with CSR demands, our findings have been analyzed and presented in two main parts for the various case studies examined namely a look social responsibility initiatives followed by a critical look at the activities of these multinationals from the social responsibility point of view. This presentation technique is preferred in order to provide a balanced or unbiased judgment which will ultimately guide us towards ascertaining whether corporations really match their socially responsibility propaganda with concrete actions or whether it is merely some sweet and banal talk to please their stakeholders.

#### 4.1 CORPORATE SOCIAL RESPONSIBILITY IN PRACTICE

After carefully reviewing the concept of corporate social responsibility theoretically and empirically, this chapter shall focus on a critical examination of the practices of some renowned multinational corporations in the light of the already elaborated concept of corporate social responsibility

#### 4.2 THE CASE OF SHELL IN THE NIGER DELTA REGION OF NIGERIA

##### 4.2.0 INTRODUCTION

Shell operates in Nigeria as Shell Petroleum Development Company of Nigeria, SPDC in which she owns about 30% of the shares. She started its oil exploration activities in the Nigeria as early as 1937, though it was granted a license to operate in 1939. Shell started with a modest production level of 6,000 barrels of crude oil per day in 1958, current level of production stands at more than one million barrels per day accounting for more than 50% of Nigeria's production.

##### 4.2.1 SHELL'S CORPORATE SOCIAL RESPONSIBILITY INITIATIVES IN THE NIGER DELTA REGION

Despite a series of initiatives by SPDC towards the Niger Delta community such as infrastructural and community development projects, programmes in the domains of health

and education, SPDC has still considered as a classic example of a socially irresponsible multinational through her damaging activities in within the Niger Delta region.

SPDC has been involved in a plethora of initiatives aimed at being socially towards the communities in the Niger Delta region. Most of these initiatives are undertaken in partnership with local institutions like the Niger Delta Development Commission, NDDC, private companies ,governmental agencies and international organizations and involves initiatives in the following domains,

The construction of basic infrastructure and services like road construction putting together of development plans, the piloting of training programme for the middle local people in the Bayeelsa state to build their capacity for community development

In partnership with Glbacom, a Nigerian telecommunications company SPDC sponsors projects aimed at training people in small scale business management and mobile phone operations.

In the domain of health, SPDC works in partnership with Africare to reduce the impact of malaria on mothers and children within the Niger Delta through awareness programmes and the distribution of drugs and mosquito nets

Shell has invested a substantial amount in its scientific research and development, and the company has produced a standard declaration adhering to the principles of sustainable development, as well as contributing to the building of hospitals and awarding of scholarships to Niger Deltans <sup>1</sup>

Oil exploration is an energy intensive activity with severe repercussions on the environment. As the major oil exploration company operating in the Niger Delta region, SPDC has clearly demonstrated her degree of social irresponsibility through the disastrous effects of her activities on the Niger Delta ecosystem and the local communities therein. The following paragraphs critically examine the flaws of SPDC within the context of corporate social responsibility.

#### 4.2.2 A CRITICAL LOOK AT THE ACTIVITIES OF SHELL IN THE NIGER REGION FROM THE SOCIAL RESPONSIBILITY PERSPECTIVE

##### a. Gas flaring

Nick Ashton-Jones et al( 1998,p 158), hold that testimonies to wasteful oil industry operations, gas flares are a distinctive feature of the Niger Delta landscape. Most of these flares burn 24 hours a day and some have being doing so for over 40 years. Communities near these flares have been deprived of even the comfort of nights natural darkness

C. Ake (1999) further adds that it has been estimated that Nigerian oil fields are responsible for more global warming effects than the combined oil fields of the rest of the world



He further comments that though it has not been fully assessed, the impact of gas flares on the local ecology and climate as well as people's health and property is evident. The extremely high levels of CO<sub>2</sub> and methane gases that are released to the atmosphere also impact climate patterns beyond the local level

There is nowhere else in the world that we have such a massive scale of the burning of the natural, non-renewable resource and it is criminally negligent of Shell.....T. Turner (2001).

#### b. Acid Rain

G. Ekanem, (1999) believes that acid rain .a direct result of gas flaking is taking a toll on the Niger Delta/Acid rain deprives people of drinkable rainwater and stunts crop growth, it is also affecting peoples

The environmental effects of these are far reaching as the Niger Delta is rapidly loosing her rich biodiversity and natural habitat as SPDC continue to operate in the area with such impunity.

#### c. Pipeline leakages

Besides the grave problems associated with gas flares, oil leaks and consequent oil spills caused by rusted pipelines continue to define Shells activities in the Niger Delta

According to its data Shell admitted there were 815 oil spills between 1997 and 1999 out of which 170, an alarming 20.85% were caused by its corrosive pipelines (2)

M. Fleshman (1999) claim that the resulting ecological devastation seriously impacted the residents at Otuegwel community villagers in many areas claim that when pipelines corrode and leak, oil workers will inspect but not repair the leak instead villagers say oil companies often claim sabotage

However Terisa Turner a world renowned authority on the political economy of oil corporations, slams at Shell s sabotage claims by exposing the falsity of Shell's "sabotage" thesis. " The claim of sabotage is patently false...The oil companies have been claiming that the oil spills, the pipeline explosions were all caused by sabotage. But there is no evidence to this so far. These are just lies, distractions, shirking of responsibility on the part of the oil companies - and Shell here is the most serious culprit." T. Turner (2001)

She further reiterates that even if we accept the figures provided by Shell as "correct", we wonder if the company could justify any of the spills as contributing to the principles of sustainable development and corporate social responsibility.

The amount spent by Shell to promote its commitment to corporate social responsibility in the Niger Delta is grossly insignificant when compared to the huge environmental risks its operations continue to cause to the people and ecosystem of the Niger Delta. As the largest oil company engaged in the Niger Delta, Shell is responsible for more than 60% of the gas

flaring, a practice which destroys the ozone layer and cause irreparable damage to the ecosystem. According to Terisa Turner, "it is criminally negligent of Shell....."

d. Fueling of tensions between state and local communities

Shell's conduct in the early to mid 1990s which culminated to the Brent Spa controversy, the suppression of the civil society in the Niger Delta culminating to the hanging of Ken Saro Wiwa incited a an international movement against the company.. Shell became associated with what British Prime Minister John Major termed "judicial murder" A. Groves (2008)

Pegg (1999) in his assessment of Shell in Nigeria argued that multinational corporations have a catalytic effect in bringing local population into conflict with state security forces as well as being directly involved as their staff are sometimes physically present when threats of retaliation are made should the communities disrupt oil production.

### **4.3 THE CASE OF THE MULTINATIONAL SPORTSWEAR**

#### **MANUFACTURING GIANT -NIKE**

##### **4.3.0 INTRODUCTION**

This chapter describes and criticized a case of a multinational company social responsibility with respect to it stakeholders. The case considered is NIKE Corporation. Nike is a giant and leading sports wear Multinational Corporation. In 1964, Philip Knight, a University of Oregon runner, co-founded Blue Ribbon Sports with his coach, Bill Bowerman (Nike, 2004). The idea was to import athletic shoes from Japan to compete in the German-controlled market. In 1965, the operation sold its shoes at high school track meets out of a van. A year later, Blue Ribbon Sports opened its first retail location, and in 1972 the company name changed to Nike. The company grew dramatically over the coming decades, and Nike is currently the largest manufacturer of athletic supplies in the world (Parloff, 2002).

##### **4.3.1 NIKE AND SOCIAL RESPONSIBILTIES**

Nike defined corporate social responsibility as an integral part of how they could use the power of their brand, energy and passion of people and the scale of their business to create meaningful change. (<http://www.nikebiz.com/responsibility/>). Their corporate social responsibility principles and practices are to deliver business returns and become a driver of growth which builds deeper consumer and community connections and to create positive social and environmental impact in the world.

The above mentioned corporate social responsibility claims by Nike have also been criticized by many stakeholders and scholars and some of these criticisms are explored below.

#### 4.3.2 A CRITICAL LOOK AT NIKE'S ACTIVITIES FROM A SOCIAL RESPONSIBILITY PERSPECTIVE.

##### 1) Employees Working Conditions in Foreign Manufacturing Plants (Asia)

Most Nike employees in the Asian countries (China) had been going through bad work conditions that are sweatshop working conditions. A journal written by Simon Zadek (1990) titled *The path to Corporate Responsibility* stated that protesters railed against sweatshop conditions at its overseas (principally China) suppliers and made Nike the global poster child for corporate ethical fecklessness. Also in June 1996 Bob Herbert, a New York columnist, criticized Nike labour conditions with accusations alleged that Nike built its wealth and products with the 'slave' labour of young Asian women. (Herbert, 1996)

##### 2) Consumers, Labor Activist and International Corporation Criticism

Many consumers, labor activists and international corporations criticize Nike's working conditions and Nike was described as a human rights abuse, violence to laborers and hideous working conditions within Nike's Asian facilities (Savage, 2002). The news rooted itself quickly in consumers, and protests and small boycotts sprang up around the country. Over 40 demonstrations occurred at nationwide Nike towns, with one Nike town grand opening being marred by the arrest of 19 demonstrators (Emerson, 2001). Nike's image was stained, and it was pressured to respond.

##### 3) Child labor In Asia

Nike Corporation was accused of child labor in Pakistan and China when children below the working age were employed in their manufacturing company due to cheap labour. This aspect was greatly criticized by labor activists, non-governmental organizations on their social responsibility.

##### 4) Poor Wage Scale

Naomi Klein, in her widely read book *No Logo* deals quite extensively with Nike, accusing them of abandoning countries as they developed better pay and employment rights in favor of countries like China, where these are less of a cost. She points to a photo published in 1996 showing children in Pakistan stitching Nike footballs as an example of the use of child labor.

Other critics have suggested that Nike should publicize all of its factories, and allow independent inspection to verify conditions there. Any auditing carried out by Nike should be made public. A lot of focus is given to wage rates paid by the company's suppliers. By and large, audits have found that wage rates are above the national legal minimum, but critics contend that this does not actually constitute a fair living wage.

#### 5) Environmental critics

Nike Corporation has been criticized in less developed countries (Pakistan, China) for its environmental hazards cause in these countries. Many of its waste materials in its manufacturing plants in these less developed countries were not well treated. Many environmentalists in these countries criticize Nikes environmental policies.

Nike Corporation being the leading sport wear corporation worldwide has undergone many criticism concerning her corporate social responsibility in recent times and till date the corporation has invested a lot in making workable strategies on corporate social responsible programmes especially in the less developed countries where it manufacturing plants are located. Also Nike Corporation has been criticized by United States citizens for practicing off shoring by opening their plants in developing countries where labor is cheap.

## **4.4 THE CASE OF PFIZER INCORPORATED**

### 4.4.0 INTRODUCTION

Pfizer Incorporated based in New York is ranked amongst the top pharmaceutical companies in the world in terms of sales. Pfizer produces different types of drugs namely Lipitor, Pregabalin, Flucazonele Viagra with many other drugs. Pfizer Incorporated has several branches in Europe, South America and North America. This case study looks at the various CSR initiatives of Pfizer Inc followed by a critical examination of her CSR programs.

### 4.4.1 SOCIAL RESPONSIBILTY INITIATIVES OF PFIZER INCORPORATED

Pfizer Inc is a member of the rapidly changing community and they strive to adapt to the evolving needs of the society and contribute to the overall health and wellness of the world. They try to review and improve their efforts to lessen their impact on the environment, nurture a work place of diversity and inclusion and conduct responsible practices. Some of their CSR programs are briefly discussed.

- a) United States Patient Assistance Programs: This program helps low income patients to get free prescription and assist patients to get prescriptions they need.
- b) Medicine safety education: Teach the society about the risks and benefits of medicines and gain a better understanding of the factors that can affect risk perception. Furthermore, Pfizer educates the society on their website on the risk and benefits of medicine.

- c) Energy and climate change: Pfizer Inc is also highly involved in climate change programs which seek to minimize the cost and operational restrictions arising from a carbon-constrained environment as well as reduce Pfizer's contribution to GHG emissions.
- d) Pfizer Inc has also initiated a corporate responsibility report and also anti-infective timeline programs which help diverse stakeholders learn more about the case work to build sustainable health care solutions and battle against infectious diseases.

The above mentioned CSR programs suggest how Pfizer meets up with the challenges of the evolving society of today and the future. However Pfizer has undergone much criticism over the past years on CSR programs and some of these critics are explained below.

#### 4.4.2 A CRITICAL LOOK AT PFIZER ACTIVITIES FROM CSR PERSPECTIVE

##### A) Pfizer's controversies in the phase Nigerian Diseases Outbreak

Following the outbreak of measles, cholera and meningitis in Nigeria in 1996, Pfizer representatives went to the Northern Nigerian city of Kano to assist in the treatment of the affected population. An experimental antibiotic trovafloxacin was administered to about 200 children. Local officials in Kano believe that 50 children died from infection while several others developed mental and physical deformities. In 2001 local and federal authorities as well as families of affected children filed lawsuits regarding this unethical treatment. According to the lawsuit Pfizer administered the trovafloxacin nowadays marketed as Trovan without parental consent. The suit further accused Pfizer of using the outbreak as an opportunity to perform unapproved human testing as well as all edging under-dosing a control group being treated with traditional antibiotics in order to tilt the results in favour of Trovan. The Nigerian Food and Drug Administration (FDA) in March 1999 released a statement in which the use of Trovan was restricted to life-or-death situations due to the risk of liver failure or damage which frequently occurred after few days of treatment.

##### B) An Unclean Environmental Record

Environmental agencies like Environmental Protection Agency (EPA) consider Pfizer amongst the top 10 companies in America with the most numerous emissions sources. A landfill and two waste water lagoons in Ledyard, Connecticut (CT) near the Pfizer plant in

Groton, Connecticut, are a source of groundwater pollution in the area. The Connecticut Department of Environmental Protection (CT DEP), hold that pfizer site is active under the CT DEP Site Remediation Program. A chemical explosion in June 2002 at Greton plant injured seven people and caused the evacuation of over 100 homes in the surrounding area.

### C) Unethical Testing of HIV/AIDS Drugs

Pfizer had been under the spotlight for negative reasons for her role in the quest for a cure for HIV/AIDS pandemic. There are criticisms of the way Pfizer is testing its HIV/AIDS drug. The European AIDS Treatment Group (EATG), collection of activists from 31 European Countries, said the design of the trial for Pfizer's CCR5 inhibitor Maravinoc (previously known as UK-427,857) is putting people with, V infection at unnecessary risk of developing AIDS.

## 4.5 THE CASE OF NESTLE S.A

### 4.5.0 INTRODUCTION

Nestle S.A. is a multinational packaged food company with headquarters in Vevey, Switzerland. Nestlé has grown into to becoming the one of the largest food company in the world with a turnover of over 87 billion Swiss francs. Nestle S.A. has a plethora of products namely Nescafe, Nestea, Nesquik, Nestle, Milo and a number of other products sold globally. This case study examines the social responsibility initiatives of Nestle S.A followed by a critical examination her activities from a social responsibility perspective.

### 4.5.1 SOCIAL RESPONSIBILITIY INITIATIVES OF NESTLE S.A

As a leading multinational in the global food industry, Nestle S.A has a carefully designed and adapted CSR program to meet the social responsibility demands of the 21st century. The following paragraphs details her social responsibility initiatives

#### a) Nestlé's Commitment to the Creation of shared value:

Nestle is committed to the creation of shared value by helping improve yields, incomes and quality of life while securing supplies of high-quality raw materials. Nestle is also committed in encouraging responsible practices among suppliers which promote more sustainable methods in their supply chain. Nestle is committed to the conservation of natural resources, provision of job opportunities in safe work places, widening access to nutritional products consumer prefer and generate local investment and economic growth.

#### b) Nestle 's Global Sustainability program:

Nestle has a broad and sustainable program across the world in a quest to meet the ever growing demand of today's' rapidly evolving society Dow Jones Sustainability Indexes (2006-2007) ranks Nestle amongst the top group of all food companies on sustainability aspects. This is largely thanks to Nestle's production of sustainable products which take

into consideration global health problems like obesity in countries. In countries like Venezuela and Brazil obesity programs has been put in place to help obese people.

c) Best practices in water management:

Different Nestlé markets sourcing agricultural raw materials from farmers have embarked on various initiatives to improve water management. These initiatives are important and have proven successful. However, so far there has been too little exchange of related information between markets. In order to collect the knowledge already available in some Nestlé markets and to make it available throughout the company, Nestlé's agricultural department will take the following approach:

- Collect information about existing Nestlé and industry initiatives, highlighting the most advanced practices and indicators elaborated and continuously updated with experiences of different markets.
- Summarize and arrange the information in a “Advanced Water Practice Repository” accessible to all relevant Nestlé staff;
- Disseminate the know-how through case examples, training, and workshops;
- Advance water practices as far as applicable in the Nestlé Farm Assurance Manuals implemented in the different markets.
- Champion an industry-wide initiative on water and agriculture from within the Sustainable Agriculture Initiative (SAI) to improve water efficiencies on a large scale, creating opportunity for all companies.

The above explanation shows to a greater extend that case is a socially responsible company. There are some criticisms however on some of its CSR programs which will be explore below.

#### 4.5.2 CRITICAL LOOK AT NESTLE S.A. ACTIVITIES FROM A SOCIAL RESPONSIBILITY PERSPECTIVE.

- Sale of Contaminated Products By Nestle Purina in Venezuela

In what become popularly known as Nesle Purima crisis in Venezuela in 2005, Nestle S.A. was accused of selling thousands of contaminated animal feed in the South American state of Venezuela. Nestle Purina local brands included Dog Chow, Cat Chow, Puppy Chow, and many others. On March 3, 2005 the Venezuelan national Assembly, the country's highest law making body accused Nestle of violating quality standards and she was compelled to compensate owners of the animals which were victims of the contaminated products.

- The use of Genetically-modified organisms (GMO) in Production

Nestle S.A. is arguably the world largest food company and thus produces a wide variety of products for her consumers across the world. However, she has often been criticized for using banned Genetically Modified Organisms for production. In a test conducted by Greenpeace in August, it was discovered that Nestle used Generally Modified Organisms in the production of Chinese Nesquick. A Chinese woman

reportedly sued Nestle since the used of Genetically Modified Organisms in that kind of product was prohibited by local law. In November 2005, Nestle opposed a Swiss ban on Genetically Modified Organisms.

- Reliance on Slave-labour Suppliers

Another salient social responsibility flaw by Nestle is noticeable at the level of her reliance on supplies believed to be purchase by slave labor, thereby implicitly endorsing the act. Forbes magazine in April 2006 article reported Nestlé's purchase of chocolate from plantations which employed slave labor. The article further stated that the International Labor Organization (ILO), estimated that 284, 000 child laborers work in cocoa farms in the Ivory Coast. Global Exchange and International Labor Rights are dragging Nestle commodities traders Archer Daniels Midland and Cagili to court in the US under the Torture Victim Protection Act as well as the Alien Tort claims Act. Nestle signed an agreement called the Cocoa Protocol in which she pledged to find a way by July 2005 to certify that her chocolate products had not been produced by under aged or forced labor.

- Involvement in Outsourcing and price-fixing

Workers Unions representing Nestlé's employees worldwide united in the United International Union of Food (IUF), have expressed serious concerns over a number of workplace issues including Nestlé's move aimed at outsourcing of its manufacturing. The IUF launched Nestlé's Watch, a new web based initiative in October 2008 to bring their concerns to the limelight. Nestle was found guilty in December 2007 of colluding with other milk producers to fix prices in Greece.

- The Presence of Melanin in Chinese Milk

The government of Hong Kong in September 2008 claimed that she had found melanin in Chinese made Nestle milk product. The Dairy Farm milk was made by Nestlé's subsidiary in the Chinese coastal city of Qingdao. In October 2008 the Taiwan Health Ministry also announced that six types of powders produced in China by Nestle contained traces of melanin. In the phase of these unpleasant events, Nestle was compelled to recall her milk products produced in China.

## **4.5 THE CASE STUDY OF ENRON**

### **4.6.0 INTRODUCTION**

Over the lifetime of corporate running and practices, many firms have been born and likewise many have fallen due to many reasons. One reason and most common reason that comes to mind are the irresponsible practices of corporations. Perhaps the most common name that comes to when companies that have lived out their life span due to corporate irresponsibility is ENRON, amongst others like Arthur Andersen, Philip Morris and Union Carbide.



Companies operate as corporation entitled to a set of legal obligation but like in the case of ENRON, most companies will resort to all means to operate outside this legal parameter and adopt a more irresponsible practice. Most of these irresponsible practices, adopted by the executives of corporations for selfish reasons are subsequently felt hardest by the stakeholders which include employees in the form of lost of jobs, and lost of life savings in bonds and retirement benefits that was tight up in one way or the other within the company, Thus the call for more social responsible practices in the post Enron scandal.

#### 4.6.1 THE ENRON SCANDAL

November the 8<sup>th</sup> 2001 marked a turning point in the life of the then so talked about and successful corporation in the United States having filled regular high quarterly profits and for its reputation in successfully being innovative in the business world like in its application and use of the real options theories. This day marked the beginning of an investigation by the Securities and Exchange Commission into some of its accounting irregularities. The end product of this investigation was that ENRON was forced to write down its earning dating back to 1997 by 20% and to reduce its retained earnings by \$2.2 billion. This was in respond to some malpractices or irresponsible practices by Enron which included; the exclusion by Enron of its partnership with Chewco and Joint Energy Development Investments from its consolidated financial statement. By doing so, Enron succeeded to mask up to \$600 million debt associated with this partnership off its balance sheet and maintain its strong credit rating and share price. By doing this, they clearly misled many stakeholders who include shareholders, analyst, and creditors. This practice which was spearheaded right from the top of the executive ladder later led to a number of indictments and unable to keep up with the pressure and record losses that had been masked for over two years continuously, Enron filed for bankruptcy on Dec. 2, 2001.

#### 4.6.2 ENRON CSR PROGRAMS AND POST ENRON SKEPTISM TO CSR:

During the era of the smooth running of Enron, most people could identify with one or two CSR programs or ventures undertaken by ENRON which was mostly in the area of energy conservation and practices. They even went on to win a climate-protection award from the Environmental Protection Agency (EPA) and a corporate-conscience award from the Council on Economic Priorities for its efforts and work on some social causes.

Some social causes carried out by ENRON on its environmental awareness (Robert L. Bradley, Jr 2006) include:

1. "Enron practiced sustainable development by sounding the alarm over man-made greenhouse-gas emissions beginning in 1988 and thus its social responsibility to the environment"
2. "Enron Supported Clinton/Gore's 1993 proposal for a Btu tax,"
3. "Enron Aggressively invested in solar power in 1994,"
4. "enron jump-started the U.S. wind industry with the purchase of Zond Corporation in 1996,"
5. "Spearheaded the effort behind what became the nation's most strict renewable energy mandate (in Texas in 1999), and Lobbied the Bush/Cheney administration (unsuccessfully) to regulate carbon dioxide (CO2) emissions."

In the fall of 2001 Ken Lay's, the then CEO Enron said the following about his thought on CSR at an environmental health and safety meeting. .

“We believe that incorporating environmental and social considerations into the way we manage risk, govern our projects, and develop products and services will help us maintain our competitive advantage. As we move forward, we will leverage our intellectual capital and innovative capabilities to promote sustainable business practices around the world.”

Other achievements accomplish by Enron in the field of CSR as of then where pointed out at the meeting as stated below include,

1. Secured board oversight of social/environmental performance
2. Expressed support for Universal Declaration of Human Rights
3. Completed corporate responsibility task force
4. Developed and pilot-tested human rights audit
5. Developed security and human rights guidelines
6. Established formal partnerships with WBCSD [World Business Council on Sustainable Development], IBLF [International Business Leaders Forum], and CI [Conservation International]
7. Identified language to strengthen code of ethics
8. Providing project support—Calypso, Transredes, Dabhol and Cuiabá
9. Responding to stakeholder concerns on an ongoing basis

Its important to point out here that Enron had many other CSR projects in agenda for the following year and the years to come, but this came to an abrupt halt when it filled for Bankruptcy in 2002.the fall of Enron came as a shock to Business society in general but particularly to the branch of CSR. Most people began to question the very motive of devoting huge amounts of money for social issues. How could a company that devoted huge amount resources to environmental social issues act in so irresponsible a manner and ignore its responsibility to its employees and other stakeholders completely. This dilemma has led to a post-Enron era of skepticism on the practice of CSR in general. Most people today use Enron as an example to back the fact that CSR is simply a window dressing to gain government favors ´which include lesser control and thus the possibility to act irresponsibly. Enron, one of the greatest environmental responsible company (or so it was thought) had run its course of lifetime, and in doing so, had brought a new area of perspective for consumers and stakeholders on CSR. firms that devote large amounts of resources today on CSR wheather for purely philanthropically purposes or institutional purposes or promotional purposes are being meet with skeptics and wary consumers and at the same time, those that fail to devote reasonable amounts of resources to CSR are adamantly bound to be left out of the competition in the form of lesser reputation and sales etc, and thus the dilemma.

#### 4.6.3 THE REPERCUSSIONS OF THE ENRON SCANDAL ON EMPLOYEES.

Perhaps the most touched set of stakeholders that were affected by the fall of Enron till date was the employees. In the post Enron era, thousands of employees lost their jobs and a number of others along with their jobs lost their live savings in the form of bonds held up in the bankrupted company. The fall of Enron went along with over \$2.1 billion in company pension plans and retirement savings, along with about 5,600 jobs and about \$60 billion in

company market value. As large amounts of crumbling finance was being hidden by executives while fattening their bank accounts, employee's retirement fund and jobs built from Enron's stock disappeared. As the corporation floundered, executives told workers it will be better and encouraged them to invest more but at the same time selling their own stocks. This somewhat very strange (as of then) unethical and irresponsible behavior has led to a vast interest for more social responsible behaviors to protect employees. Strange enough, fingers have been pointed at some employees for leaving the situation to encapsulate to this extend. It's important to note that some employees were thought to have been aware of such a scandal but kept it to themselves or did not voice it out. This can be attributed to the climate or culture that was in the Enron Company. Employees where highly rewarded and encouraged to carry out more risky ventures. The Enron employees were seen to be one of the most happiest and satisfied of employees in the Texas zone. They were very regular in-house promotions, leading to a multitude of top staffs with little experience in control of large amounts of budgets. All this led to secrecy within the Enron environment and malpractices due to lack of experience.

## CHAPTER 5

### CONCLUSIONS, LIMITATION AND SUGGESTION

#### 5.0 CONCLUSIONS

Here we shall reflect on the extent to which CSR served as a valid theoretical basis for us to judge the actions of corporations, and also the extent to which prominent multinational corporations adhere to the various stakeholder demands to be more socially responsible.

To answer our research questions and attain our objectives, this paper looks at the CSR from both the theoretical and the empirical perspectives, CSR goes beyond the statutory requirements of corporations to include voluntary initiatives to improve the quality of life of stakeholders (consumers, employees and the local communities) and their environmental commitments as well. CSR actions are therefore not an obligation but rather ethical gestures corporations may wish to undertake for improve on the livelihood of her stakeholders. Thus given that CSR initiatives are voluntary not compelling, it can be considered as dependable criteria to judge corporate actions. CSR was thus considered a valid theoretical basis on which we judged the actions of the multinationals examined in this research work.

Based on our findings the following conclusions can be made;

On the extent of compliance with CSR demands, our findings ultimately guided us to the conclusion that multinationals corporations are largely socially irresponsible especially those operating in developing countries in Asia and Africa.

By reflecting on the case studies examined, it could be reasonable to conclude that in today's capitalist dominated business environment, corporations have the tendency to shift the production units to developing countries (Shell, Nike and Nestle) where they could operate irresponsibly. The main domains of socially irresponsible behavior that our findings pinpointed include;

Labour exploitation; here we found out that corporations like Nike and Nestle are deeply involved in labour exploitation activities like low wages, use of child labour and poor remuneration.

Environmental degradation; our findings let us to conclude that corporations like Shell, Nestle, Pfizer and Nike to a large extend pay little attention to the need to protect the environment through irresponsible practices like gas flaring, acid rain, pipeline leakages and other pollution-related activities that highly undermine the sustainability of the natural environment.

Sub-standard products and unethical product testing; this another important finding worth mentioning, corporations like Nestle and Pfizer are according to our findings are so involved

in socially irresponsible practices like the sale of contaminated products and the unethical testing of pharmaceutical products respectively.

Based on our findings and the literature review on responsibility management, we are going to try and define each of our case studies into one or more of these categories being immoral management, moral management, or amoral management. This will form a solid base on which to conclude on if the overall social actions of corporations lead to the betterment of the society or not.

A thorough review of the above case studies showed a trend of activities that can be considered socially responsible activities, but these activities are largely overshadowed by their shortcomings that is socially irresponsible behavior which are evident from the above common characteristics of these multinational which include; Fueling of tensions between state and local communities, Acid Rain, Pipeline leakages and Gas flaring in the delta Nigeria, Unethical Testing of drugs by Pfizer, the use of child labour and reported environmental hazards by Nike, The use of Genetically-modified organisms, Sale of Contaminated products and Reliance on Slave-labour Suppliers by Nestle, and the exploitation of loopholes in institutionalized accounting and financial statement presentation frameworks through gross manipulations of accounts leading to bankruptcy and loss of jobs in the case of Enron, all these for selfish interests.

Multinational corporations seemingly have just one agenda; to exploit zones of weaknesses like developing countries in Asia and Africa where legislation is weak and corruption is highly prevalent for their personal interests while undermining that of local communities. Of the three management categories ranging from immoral through amoral to moral, all four corporations will fit under immoral corporations, or corporations with immoral management practices; Ultimately speaking therefore,, it is reasonable to conclude that the actions of the above multinational companies in no way lead to the betterment of the society but rather to the deterioration or impairment of the society in which they operate.

## 5.1 IMPLICATIONS AND INTERPRETATION OF RESULTS

It is worth mentioning that the results of this piece of research work should be interpreted with some degree caution. Our researches concentrated on large scale multinational corporations and as such our findings are to a large extent valid with respect to such organizations. That is multinationals are highly socially irresponsible with an immoral management style. This does not imply that every organization out there is socially irresponsible. In the case small and medium size enterprises for instance, the parochial scope of their operations may cause them to identify themselves more with the interests of the local communities in which they operate and they may thus tend to be more socially responsible.

## 5.2 Limitation and suggestions

Despite the use of vast literature and a variety of case studies used in this research work, the lack of resources limited us to the use of an exploratory case study approach to answering our research questions and the attainment of our objectives. However this limitation could be used as a motive for further research to improve on the quality of this work. We could recommend the use of greater variety case studies to widen the sample size and thus more reliable conclusions furthermore, we would recommend the use of an alternative approach like the gathering of information through the collection of raw or primary data by administration of questionnaires, conducting interviews and observations. Further studies carried out using this quantitative approach could provide invaluable results which can be used to provide more grounds to make more dependable and reliable conclusions.

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