Corporate social responsibility and community relations in Nigeria: A case study of Grand Cereals Limited

This study examines how effective Corporate Social Responsibility (CSR) is for the enhancement of community relations in Nigeria. This is a case study of Grand Cereals Limited, situated in Zawan community of Plateau State. Different theories are adduced in explaining CSR, and this study adopts the stakeholder theory. Likert-type questionnaires are used to collect data from the community and the data are presented in a multiple bar chart. Likert scale data from the questionnaires are analysed using Chi-square. The study finds that CSR activities of Grand Cereals Limited are effective to the Zawan community based on community perception on matters enhancing community relations. The study recommends the measurement of CSR as benchmarks for CSR and the enactment of laws mandating the publication of CSR activities of companies.

Key words: Corporate social responsibility, community relations, stakeholder theory, public relations.

INTRODUCTION

In recent years, Corporate Social Responsibility has been attracting heightened attention throughout the world. Stakeholder expectations of the business have increasingly ranged from maximum profits to strong levels of Corporate Social Responsibility (CSR). The area defined by proponents of CSR covers a wide range of issues such as employee relations, human rights, corporate ethics, community relations and the environment. Generally, researchers looked at more importantly the areas of employee relations, business contacts (customers, suppliers), environment, ethics and human rights. It will suffice to note here that whilst the primary role of business is to produce goods and services that society needs, there is also necessity for interdependence between business and host community for a stable environment. The forms of social responsibility that a firm undertakes to its host community depend on its economic perspective. Previous researches into effects of CSR have yielded mixed results.

Scholars like Aghalino (2004), Idemudia and Ite (2006), Tuodolo (2009), Egbe and Paki (2011), and Ogula (2012) have carried out research on CSR in Nigeria especially on its application in the oil industry. However, published research in the area of CSR in Nigeria is still extremely low, with most research focusing on the right CSR model for the oil industry in the Niger Delta region of Nigeria. There is great need for expanding the amount of research on CSR in Nigeria, especially as regards community perception on the CSR activities in not only the oil industry but to other industries such as manufacturing.

Much as there have been researches carried out on CSR in the Nigeria, scholars have tended to focus on what CSR is, the trend of CSR in the oil industry, community expectations and the relevancy of established CSR models on Nigerian oil industry. To the best of author's knowledge, no study has focused on CSR effect on community relations in Nigeria, particular in the manufacturing industry in Plateau State. This is the gap the study intends to fill using Grand Cereals Limited as a case study. To achieve this, the study will seek to find answer to the following research question:
How effective are the CSR activities of Grand Cereals Ltd from the perception of Zawan community on matters enhancing community relations?

**Grand Cereals Limited and CSR**

In 1997 UAC of Nigeria Plc acquired a major shareholding in Grand Cereals Limited, located on a 16-acre site at Kilometre 17, Zawan Roundabout, Bukuru, Jos South, Plateau State, Nigeria. The company, which was incorporated in 1983, was originally designed to produce baking flour from imported wheat. Following the ban placed on imported wheat, GCL modified its operation and production objectives, and today, this growing subsidiary of UACN Plc is steadfastly engaged in many value-added agricultural-based industrial activities.

The result is seen today in the current production and marketing focus of the company. GCL consistently delivers to consumers, high quality cereals, oils and feed, via the careful application of internationally acclaimed techniques to manufacture premium products. The core activities being carried out by GCL take place through the operations of the following production units: Cereal Meal producing flour, grits and offal as by-product. An Oil Mill capable of processing groundnuts, soya beans, palm kernel and cotton seeds into high quality groundnut oil, soya oil, cotton seed oil, deodorized groundnut oil, cakes, soap stock and lecithin.

An Animal Feed Plant capable of processing the by-products (bran and cake) from the Cereal and Oil mills respectively at 450 tonnes per day. The plant is also capable of processing pelleted poultry feed, and fish feed; while cow and pig feed is produced on request. Incorporated in the feed plant is the concentrate/premix plant. The feed plant has undergone a number of capacity expansion initiatives, the latest being the new ultra modern, fully automated feed plant, and commissioned 2004.

Grand Cereals Limited is situated in Zawan community of Jos South LGA, Plateau State, carries out its business activities from there and markets its products to the whole country and beyond. However, GCL needed to keep good public relations with its host community by offering it with a range of CSR activities. GCL is in the league of manufacturing companies generating above N1 billion in revenue/turnover per annum for more than 10 years now. Therefore, GCL feels the need to be socially responsible and offered the following in the past:

1. Sponsorship: sponsored school programmes within Plateau State, and community events within Zawan community and environs, such as faith based programmes, children programmes, women programmes, etc.
2. Support and donations to hospitals, schools, orphanages and homes of destitute in cash or products.
3. Property: Has built a block of classrooms in Zawan Community Secondary School, drilled a borehole for Kuru community, and provided desks, books and other materials to different schools within Plateau State.
4. Support and donations to government social development and empowerment programmes in cash or products.

These CSR activities of GCL are expected to enhance the corporate-community relations of the company. This study used quantitative method to assess the community perspective of the impact of these CSR activities to the community. Before then, there is the need to review concepts, theories and empirical studies.

**Conceptual and theoretical focus**

The concept of CSR dates back as far as the French Revolution, at least to the corporate philanthropy of Joseph Rowntree who provided housing and education to the poor in the area of his chocolate factories (Frankental, 2001).

CSR has been viewed in different ways by different scholars. Some see CSR as anti-capitalism (Adamolekun and Ekundayo, 2007) and some see it as it improves corporate-community relations and in turn the enabling business environment for better corporate profits in the long-run. CSR like many concepts in the field of humanities is difficult to define universally. Frankental (2001) alludes that CSR is a vague and intangible term, which can mean anything to anybody, and therefore is effectively without meaning.

An attempt is made to define CSR in Dahlstrud’s Corporate Social Responsibility Definition Survey (Egbe and Paki, 2011) as, “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.” The Kennedy School of Government’s CSR Initiative has defined CSR to encompass how companies make their profit and not only what they do with the profits. That it goes beyond philanthropy and compliance to address the manner in which companies manage their economic, social and environmental impacts and their stakeholder relationships in all their key areas of influence: the workplace, the marketplace, the supply chain, the community and the public policy realm (Kytle and Ruggie, 2005).

The concept of CSR encourages companies to take cognizance not only of the economic and financial dealings in a company, but also the social and environmental effects at business on its shareholders and the host community. Kan (n.d.) says that CSR is not something that is required by law for businesses to follow and implement but a voluntary action that improves company’s performance and image. CSR is an invention of public relations (PR) and that is the reason why CSR does not have a commonly understood definition, a common set of benchmarks to measure its attainment, a process to achieve the benchmarks, a system of internal audit, and a system of external verification by accredited bodies (Frankental, 2001). One of the domains of
PR practice includes community relations and CSR is an element of corporate PR (Asemah, 2011).

Community relations may be referred to as the various ways corporations use to establish and maintain good relationship with their host communities. This relationship is expected to be a mutual beneficial one that results in community support, community loyalty, company goodwill, higher employee morale, etc. Desatnik (2000) emphasises on the importance of community relations as that "Community involvement builds public image and employee morale, and fosters a sense of teamwork that is essential in long-term success." Community relations are social outreach programmes corporations establish to build relations and foster an understanding of the role and responsibility a corporation has to its local community (What are Community Relations? n. d.). Corporations reach out to the communities they operate in through CSR programmes.

Soderberg (1986) enumerates some programmes toward increasing community involvement and they include: taking an active interest in community problems, sponsoring youth activities, purchasing materials and supplies from local communities, encouraging community education and culture, making offices or other facilities available to community organisations, supporting local charity drives, and taking part in civic activities. These programmes are basically the CSR programmes. As the definition of CSR lack of consensus portrayed, the concept has attracted different theories and debates.

Most debates on CSR centre on either pro-profit argument or the profit cum social responsibility argument. In most cases, the theory of CSR advises companies to seek the maximum profits while obeying a moral minimum. In PR literature, scholars adopt different perspectives to understand CSR. The theory of CSR often brings up the debate about whom corporations have responsibilities to. Marrewijk (2003) as put forward by Yudarwati (2011) wrote of three approaches to CSR as addressed by scholars: (a) shareholder theory, (b) stakeholder theory, and (c) societal theory. Shareholder approach, which is regarded as the classical view, maintains that corporations are not created by society but are owned privately by shareholders (Hasnas, 1998). Accordingly, it is the right of corporations to be responsible only to shareholders as they strive to maximise the shareholders’ wealth. In this case, companies are allowed to be socially responsible but only if shareholders ask them to be. This approach is perceived as profit maximisation perspective. As pointed out by the economist, Friedman (1993), "there is one and only one responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game" (p. 60). Further, he remarked: “the business of business is business” (p. 60). Thus it can be interpreted that corporations are concerned about CSR only if this contributes to the aim of business, which is the creation of long-term benefit for the shareholder (Yudarwati, 2011).

Stakeholder theory as the second approach emphasises on companies to take into account of their stakeholder when making corporate decisions (Freeman, 1984; Donaldson & Preston, 1995; Evan & Freeman, 1995; Egbe & Paki, 2011). Stakeholders are defined as “any group or individuals who can affect or are affected by the achievement of the firm’s objectives” (Freeman, 1984). Evan and Freeman (1995) pointed out that each stakeholder group “has a right not to be treated as a means to some end, and therefore must participate in determining the future direction of the firm in which they have a stake” Corporations need to be concerned about the needs, hopes and influences of stakeholders (Yakovleva, 2005). Therefore, corporations have a duty not only towards their shareholders but also stakeholders.

Finally, the societal approach concerns the responsibility of corporations to society as a whole, of which corporations are an integral part (Marrewijk, 2003). This approach maintains “corporations operate by public consent (licence to operate) in order to serve constructively the needs of society – to the satisfaction of society” (Marrewijk, 2003). This approach suggests the need of corporations to consider their position and act in terms of the complex societal context of which they are a part (Marrewijk, 2003). Societal approach is a response to corporate challenges in the current complex societal context. Corporations face increasing pressures to deal with and respond to the societal issues arising from their activities (Pinkston & Carroll, 1996). Society’s expectations towards corporations have evolved in response to the various difficulties they have experienced. The societal issues directed to the organisation by its stakeholders can be various and often conflicting (Maon, Lindgreen, and Swaen, 2008). Within this situation, the organisation experiences difficulties in its attempt to identify issues for its CSR programs.

Within these three broad schools of thought are assumptions about what motivates organisations and influences particular CSR approaches among organisations. Carrol (1979) model of CSR identifies four categories of responsibilities and are economic, legal/political, ethical, and discretionary/philanthropic/benevolent. In the economic category, companies are supposed to perform well financially and meet consumption needs. As companies meet the needs of the society through production of goods and services, they will as well make profits and be socially responsible (Kan, n.d.). Under the legal group, companies should abide and comply with the laws, which yield a good corporate citizenship. Companies should conduct their businesses ethically and follow society’s moral rules under the ethical category. The last category, discretionary/philanthropic in nature connotes serving and helping communities to contribute and engage in social activities for social development within the community.
These are expectations placed on the corporation by corporate stakeholders and society as a whole. For the purpose of this study, the stakeholder theory and the discretionary/philanthropic perspective are used to assess the effects of CSR activities of Grand Cereals Limited on the community.

**Empirical review of studies on CSR**

Several studies have been carried out on CSR globally but notably a few within the Nigeria context. Kan (n.d.), and Frankental (2001) explore the concept of CSR qualitatively and find that CSR improves organisational performance and corporate image in the long-run (Kan, n.d.), and that CSR can be branded legitimately as an invention of PR except the lack of clear definition and other paradoxes are addressed (Frankental, 2001). Carroll and Shabana (2010) review "business case" for CSR qualitatively and find that business case is concerned with the question; what do the business community and organisations get out of CSR?

A study by Utting and Ives (2006) examines the evolution and state of CSR in the oil industry, focusing on initiatives and institutions related to environmental management, climate change, human rights, community development and revenue transparency. The study identifies some certain regulatory approaches and political developments that might enhance the contribution of oil companies to social and sustainable development. Forzley (2003) explores the role of media on CSR and social development and finds that the media and other stakeholders pressure the adoption of CSR by firms, which can also be attributed to globalisation. These studies are on other economies and there is the need to look at studies on Nigeria.

Most studies on CSR in Nigeria centre on its effect on the oil industry and in the Niger Delta community in particular. Egbe and Paki (2011) examine the place of CSR in the Niger Delta using Donaldson’s Moral Minimums for Multinationals (MMM), which provide ethical basis. The study finds that CSR undertaken by the oil companies in the Niger Delta are inadequate and not making the desired impact on their host communities. In a similar study by Aghalino (2004), two divergent perceptions are identified; oil firms feel they have done enough to the Niger Delta communities while the communities are saying that, that is a crumb from the master's table. The study of Tuodolo (2009) looks at the efficacy of PR machinery on Shell’s CSR programmes and the paper argues that neither the issues nor corporations have changed, but corporate public relation strategies are at work.

Idemudia and Ite (2006), and Ogula (2012) examine CSR of oil companies and community relations in the Niger Delta and find that the failure to seek, understand and integrate community perceptions and expectation into CSR policies of oil companies among others is responsible for the failure to reduce conflict between host communities and oil firms. All the reviewed studies on CSR and community relations in Nigeria employed qualitative analysis and are all on the Niger Delta communities. These communities may have different cultures and traditions from the communities in Plateau State. Therefore, the perceptions of the communities on the Plateau as regard the effects of CSR may differ from theirs. However, a gap in knowledge within the CSR literature exists and this present study intends to fill it.

**METHODOLOGY**

Survey research design is adopted for this study in order to empirically find the effects of CSR of Grand Cereals Ltd on community relations of Plateau State community, Nigeria. The focus of this study is on those immediate communities to Grand Cereals Ltd, particularly the Zawan community in Jos South LGA, Plateau State. The respondents comprised of residents of Zawan community, including employees of Zawan extraction. The sample size is 80 respondents from a stratified random sampling technique. These strata constitute gender and marital status.

The instrument used in collecting the data for this study was a 5-point Likert-type questionnaire. This is because it guarantees a high degree of anonymity of individuals as well as ensures the use of standardized questions for all the respondents (Olabisi, 2010). Bar charts in Figure 1 were used to present the responses from the questionnaires and a non-parametric technique of Chi-square test is employed to analyze and test the research question on the Likert-Scale questions in the questionnaire using a Statistical Package for the Social Sciences (SPSS). The use of Chi-square test for Likert-Scale questions analysis is justified by the study of Boone and Boone (2012). Chi-square will test the level of association between CSR activities of Grand Cereals Ltd and community relations in Zawan community, Plateau State.

**RESULTS AND DISCUSSION**

The responses from the questionnaires are presented below:

**Strata of Respondents**

<table>
<thead>
<tr>
<th>Sex</th>
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<tbody>
<tr>
<td>Male</td>
<td>46</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>34</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Marital status</th>
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<tbody>
<tr>
<td>Single</td>
<td>23</td>
</tr>
<tr>
<td>Married</td>
<td>55</td>
</tr>
<tr>
<td>Widowed</td>
<td>2</td>
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Age: 20 years and above

The questionnaire designed for the residents of Zawan community was targeted at obtaining information on the...
perception of the community members on Grand Cereal Limited (GCL) CSR sponsorship programmes, charity programmes, infrastructure provision, and empowerment support programmes. From the responses, 47% of the community are in agreement that the GCL sponsorship CSR programmes are effective to the community, while 26% are neutral and 28% of the community do not agree. About 27% of the respondents do not agree that GCL infrastructure CSR provisions are effective to the community, while 62% of the respondents agree that infrastructure CSR provisions are effective to the community, and 11% are undecided. About 76% of the respondents agree that GCL charity CSR programmes are effective to the community, while 24% of the respondents do agree that GCL charity CSR programmes are effective to the community, and 1% of the respondents are undecided. Lastly, 73% of the respondents agree that the GCL sponsorship CSR programmes are effective to the community, and 31% of the respondents do not agree that GCL sponsorship CSR programmes are effective to the community.

Table 1. Chi-square Test Statistics

<table>
<thead>
<tr>
<th></th>
<th>How effective are the sponsorship programmes of GCL to the community</th>
<th>How effective are the charitable programmes of GCL to the community</th>
<th>How effective is the provision of infrastructure such as buildings, school desks, books, etc. to the community</th>
<th>How effective is the support of GCL on government empowerment programmes to the community</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>30.750&lt;sup&gt;a&lt;/sup&gt;</td>
<td>68.875&lt;sup&gt;a&lt;/sup&gt;</td>
<td>34.000&lt;sup&gt;a&lt;/sup&gt;</td>
<td>10.000&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Df</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Asymp. Sig (P-value)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.040</td>
</tr>
</tbody>
</table>

<sup>a</sup> 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 16.0.
community.

Analysis of Likert-scale data to answer the research question of this study is done using Chi-square test and the SPSS results are shown below in Table 1:

Table 1 has shown that based on the Likert-scale data, with all the P-Values less than 0.05 (i.e. testing at 5% level of significance), the answer of the research question is in the affirmative. This means that CSR activities of Grand Cereals Limited are effective to the community based on the perception of Zawan community. The findings of this study are at variance with findings in the studies of Aghalino (2004), Idemudia and Ite (2006), and Ogula (2012).

CONCLUSION AND RECOMMENDATIONS

From the findings, this study concludes that the corporate social responsibility (CSR) of Grand Cereals Limited is effective for community relations. This implies that the CSR activities embarked by Grand Cereals Limited, which include donations, sponsorships, infrastructure provision and programmes support are effective to the enhancement of community relations. The following recommendations are advanced by this study:

1. There should be an established technique or method for measuring CSR as a benchmark for analysing effectiveness to the community.
2. A law should be promulgated in order to make it mandatory for all companies to publish their CSR activities.
3. There should be a consideration of community needs in CSR planning.

REFERENCES


