Corporate Social Responsibility and the Crisis of Development in Africa

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Fadeke Esther Olu-Owolabi
Covenant University Ota Ogun State, Nigeria
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Corporate Social Responsibility and the Crisis of Development in Africa

By

Kolawole A. Owolabi and Fadeke E. Olu-Owolabi

ABSTRACT

This paper argues that the idea of corporate social responsibility, that is gaining currency in the developed world today as the means of curtailing the excesses of capitalism, is not receiving the same attention in the developing areas of the world, particularly Africa. The paper maintains that the neglect of the idea of corporate social responsibility, because of the desire to resolve the crisis of development being witnessed in Africa, is a serious mistake because the neglect of this ideal is responsible for the crisis in the first instance.

The paper concludes that genuine development (sustainable development), rather than mere economic growth can only be realized in Africa if both individuals and groups respect the rights, interests, and preferences of all members of the community in the pursuit of their economic activities. This new imperative is not difficult because responsibility to the community is a significant aspect of the traditional African value system that can easily be revived in order to come out of the prevailing crisis of development and realize the dream of an African renaissance.

INTRODUCTION

The objective of this paper is to discuss the idea of corporate social responsibility that is becoming popular today in reaction to the failure of the developmental process and the underlying philosophy behind it in the global capitalist world of today. Corporate social responsibility is an admission that the conception of development, as mere economic growth without ethical responsibility to the larger
society, is wrong and can never translate into development in its genuine form - sustainable development. Corporate social responsibility, therefore, refers to the “intelligent and objective concern for the welfare of the society that restrains individuals and corporate behaviour from ultimately destructive activities, no matter how immediately profitable, and leads in the direction of positive contributions to human betterment, variously as the latter may be defined” (Andrews, 1971).

While the advanced capitalist countries of the world have realized the failure of this unbridled capitalism and the need to realize sustainable development through the maintenance of corporate social responsibility, African countries are yet to recognize that genuine development cannot be realized from the blind pursuit of material benefits without regard for the overall good of all the members of the global society.

The essential objective of this paper, therefore, is to argue that the crisis of development in Africa can only be resolved if development is pursued in the continent with due respect for the interests of all the occupants of the society. In other words, development, as basically the attainment of the good life for all the people of the society, can only be possible in the continent of Africa if individuals and groups recognize and maintain the values of responsibility and responsiveness to the common good in all our economic activities.

Sustainable development is the concept presently coined to describe the totality of the good life and overall welfare of the people in contradistinction to mere economic growth, hitherto erroneously consider as development. It is, therefore, clear that the thesis of this paper is that the ideal of development in its genuine form is only possible in a democratic setting, where the desire for material benefit is constantly moderated by the ultimate and primary ideal of the overall common good. The quest for sustainable development in Africa can only be realized if there is conscious effort to maintain individual and corporate responsibility to the community.

Corporate Social Responsibility and the Crisis of Modern Capitalism

We live today, at the dawn of the twenty-first century, in a world of two extremes. We are in a world of advanced capitalism, as well as a world of declining capitalism. Peter French describes the present world as the corporate world, where human operations are effected through the machinery of extraordinary organizations (French, 1995). It is a world ruled by advanced knowledge and extraordinary organizations in which the movement of capital, ideas, and information has finally defeated the limiting forces of space and time.
This advancement in human knowledge and expansion of human organizations promises the realization of the goal of development. But it has become ironical that this age of globalization that promises so much for the idea and project of development is presenting us with despair because of the obvious realization of the failure to attain sustainable development, which is the genuine form of development. Indeed, the advancement of modern capitalism today is not mainly in the positive sense of tremendous transformation, but also in the tragic sense of its potential for self-annihilation. It is in this respect that Stephen Toulmin regards the present situation as that of decline rather than an advancement of capitalism (Toulmin, 1989).

The failure of modern capitalism to realize the good life, which is the purpose of development, is because the modern capitalist conception of development has been faulty and misconceived from the beginning. Modern capitalism has failed to realize genuine development simply because it embarked on the quest for development on a wrong conceptual assumption; the belief that development is mere improvement in material conditions. The holistic nature of the idea of development was ignored and the goal of development was pursued as if development is limited to material improvement. A significant aspect of this modern culture is a serious celebration of material benefit and the drive for maximum profit from economic transactions even at the expense of the overall common good. This neglect of social responsibility is, therefore, the reason for the failure to realize the ideal of sustainable development despite the advancement in capitalism.

Historically, the modern age is essentially a product of the attempt to do away with the absolutism of the medieval age. While the earlier epoch, which is the medieval age completely, relegated the physical aspect of the human being and emphasised the spiritual, the modern era presented itself as the anti-thesis of the former, by over-emphasising the material aspect of the human person. While the modern period sought to challenge the dogmas of the medieval, it replaced these with new dogmas with terrible consequences. A part of the casualties of this revolution is the idea of ethics as a limiting factor to human freedom. The unfettered freedom of the modern age puts in abeyance the strong grip of ethics on humans and the society. This Machiavellian spirit became propagated, to the extent that all human actions were seen as essentially motivated by material needs.

The drive for material need in the modern epoch has been identified with demands that human beings should pull resources and knowledge together in order to be able to realize this end to the maximum. It is precisely this cooperative spirit that led to the formation of extraordinary organizations that have
membership across the national borders and led to the proliferation of the world by business corporations seeking for maximum profit. Without any doubt, the proliferation of the world by corporate bodies demand a new approach to ethics that will enable us to cope with the extraordinary changes that the new situation has brought about. It is, therefore, this new order of extensive corporations that created the need for corporate social responsibility. Leisinger defines this social change and the imperative of social responsibility for business organizations thus:

“If social change were to move in the direction of higher morals, then all social groups and institutions – including business enterprises-would be faced with new legitimation demands. Economic performance alone is no longer enough to give business legitimacy. Non-economic demands, e.g the sustainable fulfilment of social and environmental responsibility…, have been increasing in their significance for legitimation for many years.” (Leisinger, 2002)

The quest for a non-economic legitimacy is indeed the reason for the present acceptance of the idea of corporate social responsibility in the capitalist countries of the world. The idea of corporate social responsibility can be considered, as Roy Culpaper describes it, as part of the story of societal evolution from unbridled market to mature capitalism (Culpaper, 1992).

Corporate social responsibility, therefore, refers to a paradigm shift from the traditionally held belief that the goal of a business enterprise is only “to use its resources to engage in activities designed to increase its profit” (Friedmann, 1992). Culpaper further regards this responsibility and accountability as fundamental building blocks of market based societies without which the market cannot develop. “The more developed and sophisticated is corporate responsibility, the more mature and stable does market capitalism become” (Culpaper, 1992).

The attention given to the idea of corporate social responsibility today contrasts with the generally held belief that profit maximization is the sole consideration that should motivate all the decisions of business managers. The popularity of the idea of corporate social responsibility is due to the desire to put a stop to the decline of capitalism. This crisis itself is symptomatic of the hitherto held belief that business is basically an egoistic enterprise. It is now recognized that though in the short term it is beneficial to increase profit, a company with a good image will be more acceptable to the public on the long run.
The issue of corporate social responsibility is, thus, an attempt to moderate the egoism of the realm of economics with the altruism of ethics. It is precisely an affirmation that egoism only pays in the short term, and that only ethical responsibility can make a corporation enduring and lasting. Corporate social responsibility, in this respect, refers to the need for corporate bodies to show concern for the interest of their stockholders, their employees, their immediate host community, and, in fact, the entire humanity in general.

The new tendency of expecting business corporations to be mindful of the feeling and preferences of others, as we have said, is an attempt by modern capitalism to avoid self-annihilation. Corporate social responsibility is, therefore, an effort to curtail the extremism of the capitalist system. In this respect, it is now recognized that corporations should evaluate and analyse carefully the impact of their actions on the entire stakeholders. Corporate social responsibility, therefore, includes fair treatment of the employees, transparent and honest relationship between the managers and the shareholders, careful consideration for the health, safety, and interests of the consumers. It also includes charitable contributions, promotion of the rights of the minorities and the vulnerable groups and, most importantly, serious consideration for environmental sustenance in order to ensure intergenerational equity.

In retrospect, a corporate organization is expected to operate not simply for profit, but also in the interest of social harmony that is necessary for the realization of the good life for all. In the pursuit of the economic interests of the organization, it is expected that conscious effort should be made by the managers to ensure that this is not done at the expense of its employees, its consumers, or the future generations that still need the natural environment within which the company operates for its survival. Essentially, the idea of corporate social responsibility is necessary in order to realize not only the self-interest of the individuals, but also the common interests of all. It is recognized that this form of altruism, expected from all, will later promote their self-interests, rather than the self-defeating selfish interests.

The idea of corporate social responsibility is today being associated with the issue of environmental sustainability. It is true to some extent that corporate social responsibility is related to the challenge of environmental sustainability, but the former involves more than the goal of sustainable environment that motivates the latter. This strong link between the two ideas demands a detailed explanation. There is a strong tension presently between economic production and the preservation of the natural resources. Indeed, it is now common knowledge that most of our commercial activities
are carried out at the expense of nature. The entire agricultural and industrial ventures can lead to air and water pollution, depletion of the natural resources, including the protective ozone layer. In fact, the entire human commercial activities can threaten seriously the self-replenishment capacity of the natural resources. In this respect, all commercial enterprises are expected to be socially responsible by avoiding the temptation to increase their profit through putting much pressure on the natural resources.

It is, therefore, part of corporate social responsibility for corporations that cause pollution to provide funds to clean up their mess and pay compensation to the victims of their environmental pollution. Not only that, the business organization is also expected to show concern and respect for the rights and interests of the unborn generation whose survival will depend on the same natural resources. It is believed that these business ventures should be carried out in such a way that the future generations are not denied their right of living in a safe environment and having enough of the natural resources that will be vital to their survival.

Corporate social responsibility is, therefore, a wide idea that is constantly being updated as the issues arise in the society. It is basically an expectation of moral and fair dealings from business concerns not only to the owners of the corporations, but also to the entire stakeholders, which may include the totality of humanity. It varies from payment of good wages to better conditions for the employees. The responsibility has also expanded from mere payment of correct taxes by corporations and honest declaration of the state of the stock, to include the expectation that business should subsidize social services.

Corporate social responsibility also demands that companies should provide adequate information about safety measures and the health hazards of products to consumers. In this respect, advertisement of products is also expected to be without gross exaggeration or misinformation and with absolute honesty that will enable the consumers decide whether it is in their interest to buy the products or not. It is considered absolutely irresponsible of an organization to provide false information about a product, just as too much profiteering is considered an act of corporate irresponsibility.

In actual fact, corporate social responsibility expects that business organizations should go beyond the laws and get to the realm of morality to be socially responsible. In this new dispensation, we must add, not everything legal is morally acceptable. Corporate organizations, apart from abiding with the laws of the host country, are also expected to be sensitive to feelings of the entire members
of the community who will be affected by their activities. A business organization is, therefore, expected to be socially responsible by pursuing affirmative action through the employment of the minorities and those who have been hitherto neglected by the system. In retrospect, we can say that the issue of social responsibility has transformed completely the conception of business as involving the operation of market forces alone. Indeed the relationship between the business sector and the society has been viewed in terms of social contract between the two (Donaldson, 1982).

In the context of all these new arguments the convention that business is the property and, therefore, the concern of the owner alone has been seriously questioned. It is now being demanded that since the essential purpose of business is to serve the society, then it should make conscious effort to perform this task by showing concern for the overall aggregate of interests of the society. Business activities should, therefore, be carried out with conscious consideration for the overall purpose of societal and human good, which is the essence of business in the first instance. If the business enterprise is only mindful of profit without concern for the welfare of the society, then such an organization has neglected and indeed breached the salient contract between it and the society. Such breach is a threat to the social order, which is indeed necessary for maintaining the corporation’s egoistic interests of profit making. When there is such breakdown of law and order, then the quest for the good life becomes an unrealizable project. It is precisely for this reason that the issue of corporate social responsibility is gaining acceptance in the advanced capitalist world today. And it is precisely because of the neglect of corporate social responsibility that Africa is involved in a crisis of development today.

THE DEARTH OF CORPORATE SOCIAL RESPONSIBILITY AND THE CRISIS OF DEVELOPMENT IN AFRICA

Although the idea of corporate social responsibility is becoming popular and acceptable in the advanced capitalist countries of the world today, in the developing countries of Africa the idea is regarded as an unaffordable luxury. Due to the high level of poverty, and the anxiety to transform the conditions of living through economic activities, the idea of a corporate responsibility that is an organization limiting its pursuit of profit for the overall interests of the society does not receive much attention in Africa. In actual fact, many multinational corporations who find it difficult to meet with the social responsibility demands in the advanced countries are already seeking sanctuary in Africa.
The era of globalization is indeed the era of extremes. This is in the sense that, while the idea of respect for citizens’ rights by corporate bodies is gaining currency in the developed world, the act of flagrant abuse of such rights is becoming preponderant in the developing world, particularly Africa. Due to the prevailing overwhelming crisis of development facing Africa there is the urgent and desperate scramble for existence and survival in the continent, and this has made any form of moderation or moral responsibility completely irrational and unacceptable to the society.

Indeed, the defining feature of Africa today is its overwhelming crisis. This crisis has been defined as a crisis of development in the sense that all the transformations that are expected in the political, economic and social aspects of life are not forthcoming. The most tragic aspect of the situation is that while Africa’s efforts to get assimilated into the positive aspect of modern capitalist culture failed, the society is riddled with all the evils and negative characteristics of the modern capitalist society. In this respect, while all the goodies of modernity are eluding the society, the negative values of capitalism are being propagated. “The modes of life brought into being by modernity”, a writer says, “have swept us away from all traditional types of social order in quite unprecedented fashion” (Giddens, 1990).

In essence, as Africa is presently engaged in a rough journey to modern capitalism, it is doing this without adopting the moral measures considered necessary by the initiators of the idea (that is the West) to avert the social crisis of modernity. Indeed, while it is being recognized in the advanced capitalist world that the corporate organizations should be restrained from the blind pursuit of material interests, and made to show responsibility to the larger society and indeed the entire humanity, the African society is yet to take these necessary measures. Many of the business organizations that have gained access to Africa because of globalization, still regard the society as a place where they can continue their irresponsible profiteering without any moral or legal restrain.

The neglect of corporate social responsibility and its relations to the multidimensional African crisis is better appreciated as it relates to the degradation of the natural environment in the continent. In this respect, the example that we intend to discuss actually typifies this situation. This is the problem of the discontentment of the oil producing communities in the Niger Delta area of Nigeria. In the past two decades, the problem of the political economy of Nigeria has been seen as involving oil exploration in the area. This exploration of oil is significant because oil has become the mainstay of the Nigerian economy and the reason for the violent political struggles in the Niger Delta region of Nigeria.
Within the past twenty years there has been serious complaint from the host communities that the process of oil drilling and lifting is seriously affecting their means of subsistence and survival. Persistent oil spillages that are neglected by the multinational oil companies have made farming, fishing and all other forms of livelihood very difficult for the inhabitants of the Niger Delta. The agitation is compounded by the fact that the people who bear the brunt of the environmental abuse are members of the minority ethnic groups who do not have access to the massive rent accruing to the Nigerian state from this oil exploration. Also, the protracted years of infrastructural neglect in the area has made a significant percentage of the citizens of these communities educationally unqualified to be employed by these multinational oil companies.

The various agitations in the Niger Delta region are, without doubt, legitimate demands for the oil corporations to live up to their responsibility by respecting the rights and interests of the inhabitants of the area where these environmentally hostile activities are taking place. By all international and present-day standards, the demands are not outrageous. They are expectations that all organizations are expected to meet because the people living in their area of operations are indeed stakeholders in the entire business operation. As we are now aware, stakeholders are “groups and individuals who benefit or are harmed by, and whose rights are violated by, corporate actions” (Freeman, 1998). The neglect of these demands has generated serious crisis and breakdown of law and order in the Niger Delta region of Nigeria. In that respect the profit that the business organizations are striving to protect is seriously being affected and, expectedly, this makes the neglect of corporate responsibility unprofitable to these organizations in the long term.

All the discussion above now brings us to the position we want to argue for in this paper that is that the neglect of corporate responsibility is at the root of the African crisis of development. The real panacea to this crisis, we must add, lies in appreciating that an adequate moral responsibility by corporate organizations to the society is crucial for the attainment of sustainable development in post-colonial Africa.

The idea of corporate social responsibility that we have been discussing in this paper is indeed an ethical issue. This is in the sense that ethics refers to the equitable and just treatment of the other, with adequate respect for his/her right, feelings, and preferences. Ethics indeed is about goodness and wrongness, within the context of social relations. It is in this respect that we find Perry’s definition of ethics very apt. According to Perry, ethics refers to “…men’s endeavour to harmonise
conflicting interests, to prevent conflict when it threatens, to remove conflict when it occurs and to advance from the negative harmony of non-conflict to the positive harmony of cooperation” (Perry, 1974).

Finally, we can say that the idea of corporate social responsibility is an ethical issue because it originates out of the imperative that has become expedient in the modern world for corporations to be mindful of the interests and rights of the other. The crisis of development occurs in Africa because, in adopting the modern capitalist culture and the idea of profit maximization, the society failed to recognize the new paradigm shift of moderating the drive for profit maximization with ethical consideration for the other person or group. This ethical imperative is necessary for the sake of social order and harmony, the absence of which can defeat the material transformation that modern capitalism promises. This fact has led to the conclusion of this paper: that the corporate social responsibility and indeed ethical considerations are expected in all human relations particularly in a multicultural society in order to be able to attain the goal of sustainable development. It is, therefore, the position of this paper that the crisis of development in Africa is a result of the neglect of corporate social responsibility.

TOWARDS AN ETHICAL FOUNDATION OF SUSTAINABLE DEVELOPMENT IN AFRICA

The quest for sustainable development in Africa cannot be attained unless all individuals and especially corporate organizations are socially responsible. Those corporate bodies in the vanguard of material transformation of the society must recognize that development in the true sense of the concept can only occur when they show respect, responsiveness, and responsibility to the entire society, in particular, and humanity, in general. The basis of this position rests on our conviction that development can only be possible if the process of material transformation is carried out cautiously and with respect for the rights, feelings, and preferences of all.

The presumption at the heart of modernity, that is, the belief that development is mere material transformation, is a total misconception of true and genuine development. It is this misconception that gave birth to the assumption that material transformation can be pursued without ethical consideration for the rights of others.
Today, more than ever before, the need for a rethinking of the very essence of the idea of development is becoming imperative due to the failure of the development project in many societies of the world. Presently, the general consensus that development is synonymous with economic growth is being questioned. Hence, development is regarded, not as mere economic transformation, but rather as improvement in all aspects of life, without compromising the rights of others to achieve the same. It is in this respect that development is being seen as strongly related to democracy. The concept of developmental-democracy has been coined to meet with this new aspiration. The concept refers to the strong relationship between the idea of development as improvement of human condition and the idea of democracy as involving the rights of the citizen to determine what constitutes genuine improvement of his condition. Democracy is indeed an ethical concept in the sense that it accepts that it is right and proper for all the citizens to participate in the process of development. In this respect, the idea of development can only be sustainable if the people who need it define their needs and are active participants in the process of meeting those needs.

In essence, sustainable development is only attainable if it is democratic, that is, if the very people who are the objects of development, freely define what they consider as development. The idea of genuine development as one that is democratic clearly underscores the ethical essence of development. The good life, as the early Greeks defined development, is not only the satisfaction of the material needs but also the enhancement of the overall respect for the rights of all, which is the condition for the desired social order that is a necessity for the good life.

Development as the good life, involves material improvement no doubt, but it also demands that such material benefits should be enjoyed by all and not by a privileged few. It is in this respect that the ethical consideration is an imperative for development. As Utuk rightly says:

“If development is good, that is to say, if development in itself is something that is universally desirable and if the proper focus of development must be the human beings who constitute not only the agents but also the beneficiaries of development, then clearly it must be seen to be involved with ethical concerns since the question of what is good for men have always belonged to the realm of ethical discourses” (Utuk, 1998).

The need for ethical consideration by the individuals and corporate organizations is necessary because of the realization that sustainable development cannot be attained unless we have a development ethics guiding our development project. This imperative of “development ethics” has
been strongly advocated for by many Third World scholars from the Latin America countries, Asia and, recently, Africa. Paradoxically, this is due to the fact that in these developing areas, the more the project of development is seriously pursued the more we discover that we are moving far away from it.

What is responsible for this inverse proportion between the rate of pursuing development and that of its realization? According to one of the prominent champions of development ethics, Dennis Goulet, the development project is not getting results because we often neglect the ethical dimension of development. The task of this new conception of development, according to him, “…. is to render development decisions and actions humane. Stated differently, it is to assure that the painful changes launched under the banners of development and progress not result in antidevelopment which destroys cultures and individuals and exacts undue sacrifices in suffering and societal well-being all in the name of profit, some absolutized ideology or a supposed efficiency imperative” (Goulet, 1998).

Development ethics, in summary, is an effort to rethink the idea of development within the context of the failure of the project. The failure of the project starts from the misconception that development is mere economic growth and that it is completely a morally neutral concept. The deconstructive project of these new development ethicists seeks to emphasize that the idea of development is ethical. It maintains also that the idea is not universal but relative to societal preferences and value system. In this respect, it is the societal value that determines the concepts of development. Finally, the development ethicists also affirm that mere economic growth that fails to translate into the realization of the common good is not only unsustainable but a “de-development”, in the sense that the populace that need the development can not benefit from it.

The ideas of the “common good” and “community” in this new conceptualization of development is not limited only to the inhabitants of the society. The good is not only for presently living members of the community, but also includes the interests of the future generations. This is the philosophical assumption behind the popular definition of sustainable development given by the “World Commission on Environment and Development” as the act of exploring all the natural resources for the improvement of the human conditions, but with due consideration for future generations and all other inhabitants of the ecosystem.
CONCLUSION

The new imperative at the centre of this present conceptualization of sustainable development is that the corporate organizations that have become the most effective tool of realizing economic growth in this globalized world ought to be socially responsible to all members of the society. Without this corporate social responsibility, we have argued in this essay, the ideal of development cannot be realized. As the developed countries continue to accept this imperative of the need for corporate responsibility, Africa is turning a deaf ear due to the anxiety to resolve the crisis of development in the continent.

This position has been presented in this essay, but we have also shown that the resolution of the crisis depends not on the blind race for economic growth, rather it involves the acceptance of the challenge of making all development agents show ethical responsibility to the entire humanity.

This idea of social responsibility is not at all strange to Africa. Until colonialism came to shatter the moral fabric of the society, the responsibility of any group in the traditional society was to the community. Traditional Africa, as we know, is more of an ethically bound society. The communalistic spirit in most traditional African society is based on the idea of constant responsibility to the commonwealth. This indigenous idea of ethical responsibility needs to be revived.

There is virtually no traditional African society that does not have a communal and humanistic morality that can be the foundation of this new project of corporate responsibility. The challenge that we, African scholars, ought to face is how to transform those indigenous ideas into a systematic philosophy of corporate responsibility that will enable us to realize sustainable development in the contemporary world.

The argument of this essay is now very clear. It is that there ought to be a sense of ethical responsibility in all individuals and groups in any society before the society can attain sustainable development. The absence of this in Africa is responsible for the African socio-political and economic problems. We are, therefore, advocating for a return to the indigenous communal ethics that strongly demand the responsibility of all to the common good. This is the panacea for the present African crisis of development.
In conclusion we need to say that the various development initiatives that are presently coming from Africa, such as NEPAD and the anxious expectation of the commencement of an African renaissance, can only become viable if both individuals and corporate bodies in the pursuit of their economic interests imbibe the culture of social responsibility, not only to the community but to the entire humanity. It is only then that we can begin to talk of resolving the African crisis and also begin to expect the full realization of the dream of sustainable development in the continent.

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