Full Length Research Paper

Corporate social responsibility (CSR) of business organizations in Niger State, Nigeria: An Islamic perspective

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This paper examined an Islamic perspective of corporate social responsibility (CSR) of business organizations in Niger State, Nigeria. The study was conducted in Minna, Suleja, Kontagora and Bida towns of Niger State, Nigeria. Multi-stage and random sampling techniques were used in selecting 1,600 respondents of the study using staff of business organizations, investors, consumers and some people in the society. Information was gathered using primary and secondary data. Questionnaires were used to elicit information and were validated by experts. The data generated from the survey were subjected to descriptive analyses. The findings revealed that Islamic socio-economic rules and regulations have influence on corporate social responsibility to investors \[\chi^2 (4) = 3529.65; p<0.001]\; to customers \[\chi^2 (4) = 4075.69; p<0.001]\; to employees \[\chi^2 (4) = 4236.19; p<0.001]\; and to society \[\chi^2 (4) = 4265.19; p<0.001]\.

The study concluded that Islamic socio-economic system has influence on corporate social responsibility in Niger State, Nigeria.

Key words: Nigeria, Niger State, Islamic, corporate social responsibility, customers, investors, employees, society.

INTRODUCTION

Islamic corporate social responsibility refers to the obligations that a small, medium and large business organization has to protect and contribute to the society in which it functions. A business organization exercises social responsibility in three domains: Its stakeholders such as employees, firm, suppliers, buyers, debtors, general public, stockholders owners, partners, the needy and competitors, the natural environment, and the general social welfare on the issues of hiring and firing, wages and working condition, privacy, conflicts of interest, secrecy, honesty, skills training and qualifications, cost of inputs, hoarding and price strategy, use of riba (interest) in financing sales, repayment terms, hoarding, abuse of environment, distribution of losses and gains, sadaqah (the voluntary aims), fair competition and zakat (the obligatory aims). Islamic corporate social responsibility includes everything from hiring minority workers to making safe products, minimizing air, water and waste pollution using energy wisely and providing a safe work environment that is, everything that has to do with acting responsibility with society in conformity with Shari'ah. It would be easier to understand corporate social responsibility in Niger State, Nigeria if we looked at the concept through the eyes of the people who stand to gain or lose by the policies and activities of small, medium and large business organization. Stakeholders include customers, employees, stockholders, surrounding community, environmentalists, dealers, government leaders, suppliers and bankers. All of these groups are affected by the products, services, policies and practices of the firm and their concerns need to be addressed. The statement of the problem of this paper is to find out the influence of Islam on corporate social responsibility in Niger State, Nigeria.

Islam has existed for a long time as a way of life of the majority of people of Niger State, Nigeria. One is therefore not surprised at the attempt made for expansion of the Shari'ah legal code in the state. It is observed that
a Muslim must be guided naturally by Islam. He or she has a duty to obey Allah's laws which are also supreme. For a Muslim to be seen as one, he or she must live according to the dictates of Islam. On the other hand, it is unlawful for a Muslim to deliberately break or disrespect Allah's laws. In a Muslim community, religion plays a vital role in shaping the conduct of the behaviour of the people within that particular society. Islam as a sub-culture exerts a broad influence on corporate social responsibility on customers, investors, employees and society. The general guideline for Muslim businessmen on corporate social responsibility is that Muslim businessmen are required to behave in Islamic way on their responsibility to customers, responsibility to investors, responsibility to employees and responsibility to society because Islam is a complete way of life of a Muslim. One of the responsibility of business is to satisfy customers by offering them goods and service of real value. Business organizational stakeholders represent the people and or organizations that are affected by the actions of an organization. However, Islamic business ethics can influence how business organization relates to customers, how business organization relates to employees, how business organization relates to stockholders and how business organization relates to society. On hiring, promotion and other employee-related decisions, Islam wishes us to treat all equally well. Where a manager is evaluating one person’s performance against another’s, fairness and justice are a must (Qur'an 4:58).

Ibn Taymiyah suggests that a business organization is under obligation to pay a fair remuneration to employees. Some business organization may take advantage of employees and underpay them because of their need for income. Islam is against such exploitation. If the wage level is too law, employees may not feel motivated to put in an adequate amount of effort. Similarly, if the wage level is too high, a business organization may not be able to make profit and keep the business going. On the day of judgment, the Prophet (PBUH) will be a witness against “one who employs a labourer and gets the full work done by him but does not pay him his/her wages” (Sahih al Bukhari, Hadith No. 3,430). Islamic general principle of tawhid or unity applies to all aspects of the relationship between business organization and its employees. Muslim businessmen should not treat their employees as through Islam is inconsequential during business hours. For example, Muslim employees should be given time off for prayers, should not be coerced into acting against the Islamic moral code, should be given respite if they are sick and cannot perform, and should not be harassed sexually or otherwise. To foster equity and balance, non-Muslim employees’ beliefs should be similarly respected (Qur'an 60:8). Business has several responsibilities to employees. First, they have a responsibility to create jobs. Its been said that the best social programme in the world is a job. Once a company creates jobs, it has an obligation to see to it that hard work and talent are fairly rewarded. However, if an employee has a physical problem which prevents him or her from performing certain tasks or if an employee has committed a blunder in the past, the employer must not publicize it. This would breach the privacy of the employee (Qur'an 4:149).

When a business organization dealing with suppliers, Islamic business ethics suggests that one should negotiate a fair price, and not take advantage of one’s bigger size or clout. To avoid any future misunderstanding, Allah has enjoined us to put contractual obligations in writing (Qur'an 2: 282). However, Bala (2008b) says that brokerage is generally permissible except when there is interference in the free market system. There is nothing wrong with the broker's charging a fee for his or her services. This fee may be a fixed amount or proportional to the volume of sales or whatever is agreed among the parties involved. Bala (2008a) also says according to Islamic business ethics, customers should expect to receive products that are in good conditions and priced fairly. Businessmen should also notify customers of any deficiencies. One of the business’s responsibilities to society is to create new wealth. If businesses do not do it, who will? Business is also responsible for promoting social justice. Business responsibility to society according to Islamic business ethics is; a businessman has a special obligation if he/she provides essential products to the public. For example, the public has a need for farm produce, clothes and dwellings to inhabit. Since these are essential commodities, the businessman needs to price fairly. Islam is against the idea of price controls (Bala, 2008c). Islamic also encourages partnerships. Any such project which aims at benefiting the individual or society or which removes some evil is righteous, especially if the intention of the investors is righteous a priori (Bala, 2008d).

Businesses are clearly responsible for helping to make their own environment a better place. Environmental efforts may increase the company's cost but they also may allow the company to charge higher prices, to increase market share or both. Environmental quality is a public good; that is, everyone gets to enjoy it regardless of who pays for it. Another key domain of corporate social responsibility in Islam is the natural environment. Muslim businessmen are encouraged to appreciate the beauty of the natural environment (Bala and Adetayo, 2005). For many years, business organizations got rid of their waste products by discharging them in the air, into rivers and on land. Acid rain, global warning and ozone depletion of the ozone layer and poisoning of the food chain resulted from this irresponsible behavior. Islam emphasized businessman’s role and woman's towards the natural environment by making him or her responsible of his/her surroundings and Allah’s vicerenger. In his or her role as vicerenger, the Muslim businessman is expected to take care of his or her natural environment (Bala, 2005).
 Objective of the study

The primary objective of this research is to identify an Islamic perspective of the corporate social responsibility (CSR) of business organizations in Niger State of Nigeria. Specifically, the purposes of this research are to:

(a) Identify the socio-economic rules and regulations of Islam that relate to corporate social responsibility;
(b) Ascertain the socio-economic rules and regulations of Islam on social responsibility to customers and investors;
(c) Examine the extent to which the socio-economic rules and regulations of Islam affect social responsibility to employees and society.

The study area

Power state as it is popularly called because of the hydro-electric power plant cited at Kainji and Shiroro dams. Niger State was created on 3rd February 1976 and currently has twenty five local government areas with a population of 4,082,558 ranking it the 18th in the country out of 36 states in Nigeria. In land mass, it is the largest in the country with 76,362 km². The state capital is Minna while other major towns are Bida, Suleja and Kontagora. The major tribes are Nupe and majority of the people of Niger State are Muslims. On January 30th 2000, the state introduced the Shari‘ah law code.

Theoretical framework

The four premises underlying this paper theoretical framework are: corporate social responsibility to customers, corporate social responsibility to investors (stockholders), corporate social responsibility to employees and corporate social responsibility to society.

Research design

The data were collected through a survey conducted in four towns, namely: Suleja, Minna, Kontagora and Bida towns of Niger State, Nigeria are provided in Figure 1. Survey research affords the opportunity of obtaining information from a representative sample of the population in an attempt to describe the prevailing situation about the variables under examination.

Instrument

The questionnaire used was subjected to validation process. Copies of the questionnaires were given to a panel of experts for validation. The comments and suggestions made were utilized in restructuring the research instrument. The validation exercise ensured not only the face validity of the questionnaire but also its constant validity. Yes or no questionnaire method was used for both independent and dependent variable(s). The major research instrument used for the collection of primary data was 1,600 questionnaires.

Measurement of variables

Two groups of variables, independent, (Figure 2) and dependent (Figure 3) variables were measured through the application of yes or no scale. The questionnaires comprised mostly structure closed-ended items and were comprised of three sections for independent variable(s) and four sections for dependent variable(s). Each section has ten questions making the total of seventy questions.

FINDINGS AND DISCUSSION

The data for study were collected from a sample of 1,600 respondents which included investors, customers, employees and society from Bida, Kontagora, Suleja and Minna towns of Niger State, Nigeria were requested to indicate their levels of agreement (yes) or disagreement (No) scale. Table 1 shows the distribution of respondents on Islamic socio-political variables. The responses followed the same patterns for all the ten items. There is positive favourable affirmation to the issues as the level of agreement (yes) ranges from (92 to 98%). This makes response from Bida, Kontagora, Suleja and Minna towns of Niger State highly positive. In most cases, disagree (no) had less than (02 to 08%) pooled together. Respondents strongly agree (yes) that government should work towards creating a conducive atmosphere for business management (92%). There is also overwhelming agreement that government should eradicate businessmen ignorance of business ethics (95%) and that government should avoid unnecessary expenditure (95%). There is common agreement that government should educate people on lawful and unlawful business activities (94%) and also monitored and controls the establishment of business enterprises (97%). It is well known that government should see that all goods and services are weighed and standardized in conformity with Shari‘ah 96%. More than (97%) of the respondents agree that government should punish those businessmen who produce or sell unlawful products (96%). Majority also agree that government should ensure sanctions on unlawful advertising (98%). Table 1 also presents the result of the descriptive analysis on respondents' Islamic socio-economic variables.

As reported for the Islamic socio-political variables followed the same trend. Respondents indicated their opinion mostly on strongly agreed (yes) of the 1,600 questionnaires. The responses for yes category ranged between (91 to 99%) for the ten items from Bida, Suleja, Minna and Kintagora towns of Niger State, Nigeria. On Islamic socio-economic variables, it is agreed that state should ensure that every member of the society is well utilized (98%). There is an agreement that all possible market imperfection must be adequately dealt with (98%). The respondents agreed that businessmen should ensure a fair price to consumers (99%). There is also overwhelming agreement that social security system needs to be put in place (97%). Respondents also believed that adequate revenue generation is a
fundamental issue (95%) of respondents. There is a common agreement that it is unlawful for businessmen to hoard products (94%). The participants are also fully aware that there should be need for customers and businessmen to establish friendliness and goodwill (96%) of questionnaires. Table 1 also shows the distribution of respondents on the Islamic socio-cultural variables. The responses followed the same patterns for all the ten items. There is positive favourable affirmation to the issues as the level of agreement (yes) ranges from (91 to 99%). Respondents strongly agree that Islam has emphasizes and urges producers and consumers to socialize (99%). There is agreement that business and consumption of certain products are prohibited because
of societal value of Islamic law (97%). The respondents agreed that Zakkat bridges the gap between rich and the poor in the society (99%). Almost all participants (98%) agreed that Islamic economy system creates a conducive atmosphere for peace to businessmen, consumers and the society in general.

The result of the respondents from Bida, Kontagora, Suleja and Minna towns of Niger State, Nigeria and Islamic corporate social responsibility to investors revealed no significant differences among the four towns for the ten items on dependent variables. These items include; when dealing with suppliers, investors should negotiate a fair price (96%), to avoid any future misunderstanding, Islam has enjoined investors to put contractual obligations in writing (98%), despite the permissibility of agency in general, merchants are prohibited from interfering with the free market system through a specific type of brokering and this type of brokering may lead to price inflation (97%), a Muslim businessman should not demand honesty from others while being himself or herself dishonest (98%), Islamic eco-\-nomic system has prohibits any kind of fraudulent transaction whether during a purchase or a sale (99%), and a Muslim businessman must not knowingly purchase stolen property either for himself/herself or for future resale (93%). The result in Table 2 on Islamic corporate social responsibility to customers reveals that most of the responses were skewed towards total agreement with the ten items for the four towns. These variables include; customers should expect to receive products that are in good conditions and priced fairly (98%), customers should be notified of any product deficiencies (97%), Muslim businessman cannot run any trade which imports or exports alcoholic beverages to customers (96%), businesses that involve drugs in any aspect of its trade is forbidden in Islamic socio-economic system (96%), Islam prohibits prostitution 98%, Islam forbade any kind of trade involving uncertainty, regarding an unspecified quality to be exchanged or delivered to customers (94%), Islam forbids the use of incorrect weights and measures to customers (99%) and Islamic socio-economic system forbids price manipulation to customers (98%).

The result in Table 2 on Islamic corporate social responsibility to employees revealed no significant differences among the four towns of Niger State, Nigeria, for the ten items on dependent variables such as; in hiring employee fairness is a must in Islam (96%), in business employer is under obligation to pay a fair remuneration to his or her employees (95%), in an Islamic business organizations, wages must be set in an equitable manner both with respect to employees and the employer (98%), if an employee has a physical problem
which prevents him or her from performing certain tasks, the employer must not publicize it: right to privacy (96%), employees should be given respite if they are sick and cannot perform (98%), to foster equity and balance, non-Muslim employees’ beliefs should be respected (97%) and employees should not be coerced into acting against the Islamic moral code (94%). However, the result in Table 2 on Islamic corporate social responsibility to society revealed no significant differences among the towns of Bida, Suleja, Minna, Kontagora for the ten items on dependents variables such as: as part of the community, Muslim businessman need to watch over the welfare of its weak and destitute members (97%), Islamic socio-economic rules and regulations does not tolerate interferences in the market system by hoarding product in the society (96%), a businessman has a special obligation if he or she provides essential supplied to the public (91%), Muslim businessmen are encouraged to appreciate the beauty of the natural environment (98%), and once a Muslim businessman polluted the environment, he is expected to clean it up or remove what is causing the pollution (95%).

**DISCUSSION**

On the corporate social responsibility to investors, it was discovered that a significant positive relationship exists between Islamic socio-economic rules and regulations and investors. It was expected that Islamic socio-economic rules and regulations would have no significant influence on investor, but the result obtained revealed otherwise. The findings on Islamic socio-economics rules and regulations had positive significant on investor social responsibility as supported by the findings of Beekun (2001), Naqvi (1981), Chapra (1979) and El-Misri (1975) which reveal that in hiring, promoting or any other decision where investor is evaluating one person’s performance against another’s fairness and justice are must. Other areas of social responsibility to investor(s) are: working condition, privacy, cost of inputs, quantity and quality of goods sold, selling strategy, abuse of environment and fair competition. The findings are also consistent with those of Doi (1981) and Mahmud (1988) which indicate other social responsibility such as respect for employee’s beliefs, accountability and benevolence.
On the employees social responsibility it was discovered that a significant positive relationship exists between Islamic socio-economic rules and regulations and employees social responsibility as supported by the findings of Kahf (1978), Abdalafi (1978), Kahf (1980) and Ahmad (1979) which revealed that many social responsibility issues characterized the relationship of the employees especially with respect to honesty, secrecy, and conflicts of interest. Thus, an employee must neither embezzle the funds of the company, nor reveal company secrets to outsiders. However, on social responsibility to customer(s) the results of the findings revealed that all the major dependent variables were influenced by the independent variables.

It was discovered that a significant positive relationship exists between Islamic socio-economic rules and regulations and customers social responsibility as supported by the findings of Ayoub (1991), Azim (1984), Beekun (2001) and Iqbal (1960) which reveal that buyers should expect to receive goods that are in working conditions and priced fairly. They should also be notified of any deficiencies. The result obtained is also in line with the studies of Naqvi (1981) and Beekum (2001) that Islam does not tolerate interference in the market system by hoarding or other forms of price manipulation. This is also in consonance with the findings of Afr (1980) and Beekum (2001) who observed that Islam prohibits any kind of fraudulent transaction whether during a purchase or a sale. They concluded that the Muslim businessman must be honest at all times. Other areas which Islamic law of transaction covers are: lawful and unlawful business transaction, profiteering, false oaths, weights and measures, sales of forbidden and defective items.

On the corporate social responsibility to society, it was discovered that a significant positive relationship exists between Islamic socio-economic rules and regulations and society. The result obtained is in line with the studies of Chapra (1979), Naqvi (1981), Maududi (1979) and Beekun (2001) that a businessman has a special obligation if he provides essential supplies to the public. This is also in consonance with the findings of Iqbal (1960) and Mahmud (1988) who observed that Islam encouraged partnerships. Any such project which aims at benefiting the individual or society or which removes some evil is righteous, especially if the intention of the investors is righteous priori.

The result obtained is also in line with the studies of Azim (1984), Chapra (1975) and Beekun (2001) report that Muslim is encouraged to appreciate the beauty of the natural environment. Other areas of social responsibility are: distribution of losses and gains, and fair competition.

**Conclusion**

From the analysis of the data collected and the interpretation of the various descriptive analyses, this paper concludes that Islamic socio-economic rules and regulations have influence on corporate social responsibility to society, responsibility to investors, responsibility to customers and responsibility to employees. In order to validate the findings of this study, there is the need to replicate the study in other parts of Nigeria and cover a larger sample.

**RECOMMENDATIONS**

In line with the findings of this study, both small and large business organizations in Nigeria should consider the following socially responsible business activities as a must:

i) Consumer-related activities such as ensuring product safety, creating truthful advertising, handling complaints promptly, setting fair prices and conducting extensive consumer education programmes in Nigeria;

ii) Employee-related activities such as establishing equal opportunity programmes, offering flex time and other benefits, promoting job enrichment, ensuring job safety and conducting employee development programmes;

iii) Community-related activities such as participating in local fund-raising campaigns, donating executive time to various non-profit organizations and participating in urban planning and development;

iv) Political-related activities such as taking a position on pollution control and consumer protection issues; and

v) Social-related activities such as educational support, health etc.

**REFERENCES**


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