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CORPORATE SOCIAL RESPONSIBILITY CSR OF BUSINESS ORGANIZATIONS IN NIGER STATE, NIGERIA: AN ISLAMIC PERSPECTIVE

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ABSTRACT

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 = $96.1/100 \times 400/1 = 384$; to customers = $96.5/100 \times 400/1 = 386$, to employees = $96.8/100 \times 400/1 = 387$; and to society = $94.7/100 \times 400/1 = 379$. The study concluded that Islamic socio-economic system has influence on corporate social responsibility in Niger State, Nigeria.

KEYWORDS

Corporate Social Responsibility, Customers, Investors, Employees, Society, Islamic, Nigeria, Niger State.

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 Islami on corporate social responsibility in Niger State, Nigeria. Islam has existed for a long time as a way of life of the majority people of Niger State, Nigeria. One is therefore not surprised at the attempt made for expansion 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, however, 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 Muslims businessmen and women on corporate social responsibility is that Muslims businessmen and women 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.

In order to achieve the objectives of this study, this paper will attempt to provide answers to the following research questions:

1. What are the socio-economic rules and regulations of Islam that relate to corporate social responsibility?
2. Can the socio-economic rules and regulations of Islam have any influence on corporate social responsibility?
3. To what extent do the socio-economic rules and regulations of Islam affect corporate social responsibility?

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 square kilometers. The state capital is Minna while other major towns are Bida, Suleja and Kontagora. The major tribes is Nupe and majority people of Niger State are Muslim. On January 30th 2000, the state introduced the *Shari'ah* law code. Zungeru town was the first political capital of Nigeria, the birth place of Nigeria's first president, late Dr. Nnamdi Azikiwe. It is also known to house about one hundred tombs of Lord Lugard's aides. This state has the history of producing two former Head of State for Nigeria. These are General Ibrahim Babangida and General Abdul-Salami Abubakar.

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.

LITERATURE REVIEW

One of 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 low, 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 or women 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. It's 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). Bala (2008), 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 (2009) also says according to Islamic business ethics customers should expect to receive products that are in good conditions and priced fairly. Businessmen or women should also notified customers of any deficiencies. Islamic business ethics forbids the following marketing practices when dealing with customers:

- Product incorrect weight and measures

Give just measure and cause no loss to others by fraud. And weigh with scales true and upright. And withhold not things justly due to men
Qur'an 26:181-183.

- Product hoarding

He who hoards is a sinner

Sahih Muslim, Hadith 3910

- Product Adulterated or spoiled products

The messenger of Allah (peace be upon him) happened to pass by a heap of eatables corn. He thrust his hand in that heap and his fingers were moistened. He said to the owner of the heap of eatables corn, what is this? Messenger of Allah, these have been drenched by rainfall. He the Prophet remarked, why did you not place this the drenched part of the heap over other eatables so that the people could see it? He who deceives is not of me (is not my follower).

Abu Hurayrah, Sahih Muslim

Hadith No. 183

One of the business's responsibilities to society is to create new wealth. If businesses don't do it, who will? Business are also responsible for promoting social justice. Business responsibility to society according to Islamic business ethics are; a businessman or women has a special obligation if he/she provides essential products to the public. For example, the public has a need for farming produce, clothes, dwellings to inhabit. Since these are essential commodities, the businessman or woman needs to price fairly. Islam is against the idea of price controls (Bala, 2008). 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, 2010). Business responsibility to needy is part of Islamic business ethics. Muslim businessmen or women should give to the poor from what is wholesome and earned in a lawful manner.

O you who believe! Give of the good things which you have honorably earned. And of the fruits of the earth which we have produced for you, and do not even aim at getting anything which is bad, in order that out of it you may give away something, when you yourselves would not receive it except with closed eyes.

Qur'an 2:267

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 and women are encouraged to appreciate the beauty of the natural environment.

Sees thou not that Allah sends down rain from the sky? With it we then bring out produce of various colors. And in the mountains are tracts white and red, of various shades of color and black intense in hue. And so amongst men and crawling creatures and cattle are they of various colors. Those truly fear Allah, among His servants who have knowledge.

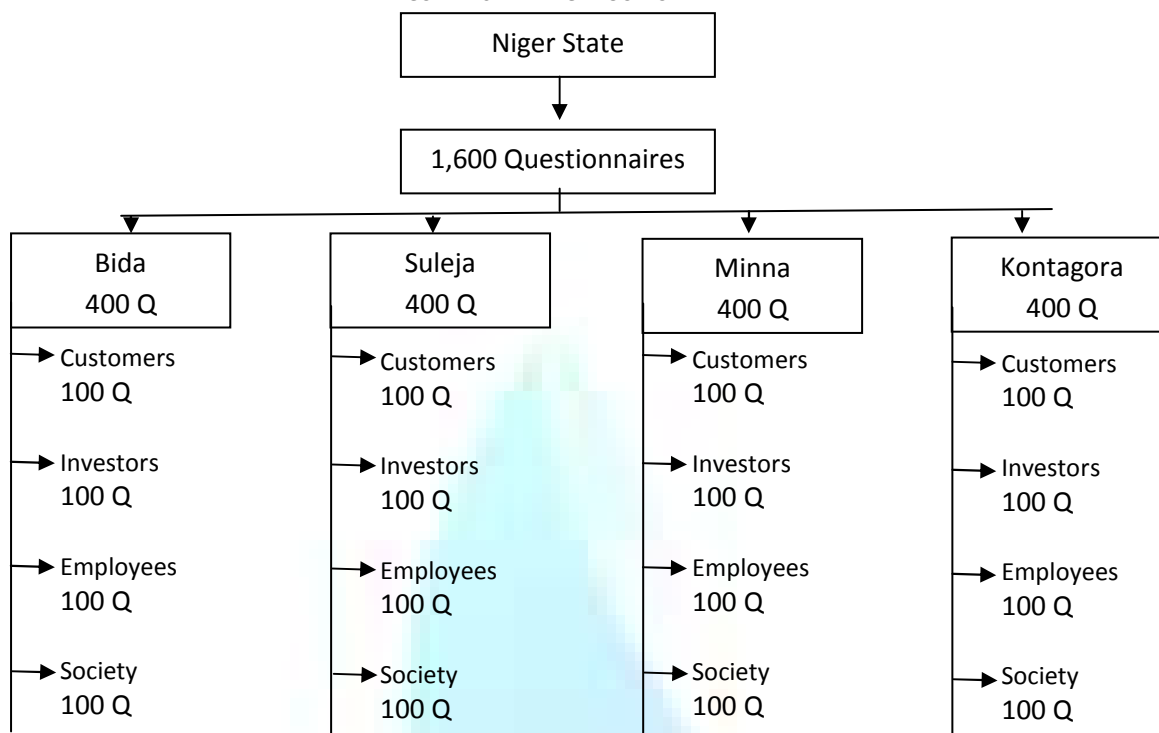
Qur'an 35:27 – 28.

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 warming via 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 vicegerent. In his or her role as vicegerent, the Muslim businessman or woman is expected to take care of his or her natural environment.

METHODS**RESEARCH DESIGN**

The data were collected through a survey conducted in four towns, namely; Suleja, Minna, Kontagora and Bida towns of Niger State, Nigeria. 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.

FIGURE 1: SAMPLING PROCEDURE



Source: Bala (2011)

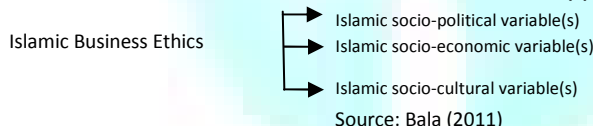
INSTRUMENT

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

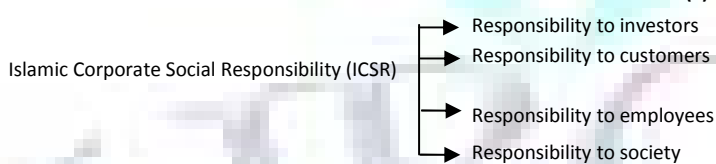
Two groups of variables, independent and dependent variables were measured through the application of yes or no scale. The questionnaires comprised mostly structure closed-ended items and were comprised of three sections for independent variable(s) four sections for dependent variable(s). Each section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

FIGURE 2: INDEPENDENT VARIABLE (S)



Source: Bala (2011)

FIGURE 3: DEPENDENT VARIABLE (S)



Source: Bala (2011)

FINDINGS AND DISCUSS

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% - 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 and women ignorance of business ethics (95%) of 1,600, and that government should avoid unnecessary expenditure (95%). There is common agreement that government should educated people on lawful and unlawful business activities (94%) and also monitored and control 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 punished those businessmen and women 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% - 99%) of 1,600 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 society is well utilized (98%). There is agreement that all possible market imperfection must

be adequately dealt with (96%). The respondents agreed that businessmen and women 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 and women to hoard products (94%). The participants are also fully aware that there should be need for customers and businessmen and women 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% - 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 both businessmen and women, consumers and the society in general.

The result of cross-tabulation of 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 (4) 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 or woman should not demand honesty from others while being himself or herself dishonest (98%), Islamic socio-economic system has prohibits any kind of fraudulent transaction whether during a purchase or a sale (99%), and a Muslim businessman or woman 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 or woman cannot run any trade which imports or exports alcoholic beverages to customers (96%), businesses that involve drugs in any aspect of its trade not permissible to customers (95%), trading of sculptors and artists to customers as objects of worship or as objects to be likened to Allah's creations are clearly 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 (4) 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 and woman 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 or woman 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 or woman polluted the environment, he or she is expected to clean it up or remove what is causing the pollution (95%).

TABLE 1: CROSS TABULATION OF RESPONDENTS FROM BIDA, KONTAGORA, SULEJA AND MINNA TOWNS OF NIGER STATE, NIGERIA AND INDEPENDENT VARIABLES

| Independent Variable(s) = Islamic Business Ethics | | | | | | | |
|---|--------------------------|---------|--------|----------------------------------|-----------------------------|---------|--------|
| Islamic Socio-Political Variables | | | | Islamic Socio-Economic Variables | | | |
| S/N | Variable(s) | Yes (%) | No (%) | S/N | Variables | Yes (%) | No (%) |
| 1 | Conducive atmosphere | 92 | 08 | 1 | Members well utilized | 98 | 02 |
| 2 | Eradicate ignorance | 95 | 05 | 2 | Market imperfection | 96 | 04 |
| 3 | Punish unlawful | 96 | 04 | 3 | Fair price to consumers | 99 | 01 |
| 4 | Unnecessary expenditure | 95 | 05 | 4 | Social security system | 97 | 03 |
| 5 | Educating people | 94 | 06 | 5 | Adequate revenue | 95 | 05 |
| 6 | Monitoring & controlling | 97 | 03 | 6 | Defective or harmful goods | 94 | 06 |
| 7 | Weighed & standardized | 96 | 04 | 7 | Expenditure well controlled | 95 | 05 |
| 8 | Forbidding unlawful | 97 | 03 | 8 | Hoard products | 94 | 06 |
| 9 | Punishment producers | 96 | 04 | 9 | Friendliness & goodwill | 96 | 04 |
| 10 | Unlawful advertising | 98 | 02 | 10 | Adulterated transaction | 91 | 09 |
| Islamic Socio-Cultural Variables | | | | Islamic Socio-Cultural Variables | | | |
| S/N | Variable(s) | Yes (%) | No (%) | S/N | Variables | Yes (%) | No (%) |
| 1 | Emphasizes socialization | 99 | 01 | 6 | Family role | 92 | 08 |
| 2 | Societal value | 97 | 03 | 7 | Learn respective roles | 91 | 09 |
| 3 | Against human greed | 96 | 04 | 8 | Hoarding is against norms | 95 | 05 |
| 4 | Unethical behavior | 94 | 06 | 9 | Creates peace | 98 | 02 |
| 5 | Zakkat bridges gap | 93 | 07 | 10 | Health citizenry | 93 | 07 |

Source: Field Survey (2011)

% of 1,600 Respondents

TABLE 2: CROSS-TABULATION OF RESPONDENTS FROM BIDA, KONTAGORA, SULEJA AND MINNA TOWNS OF NIGER STATE, NIGERIA AND DEPENDENT VARIABLES

| Dependent Variable(s) = Islamic Corporate Social Responsibility | | | | | | | |
|---|----------------------------|---------|--------|--|--------------------------------|---------|--------|
| Islamic Corporate Social Responsibility to Investors | | | | Islamic Corporate Social Responsibility to Customers | | | |
| S/N | Variable(s) | Yes (%) | No (%) | S/N | Variables | Yes (%) | No (%) |
| 1 | Negotiate fair price | 96 | 04 | 1 | Received good products | 98 | 02 |
| 2 | Obligations in writing | 98 | 02 | 2 | Notified product deficiencies | 97 | 03 |
| 3 | Interfering with brokering | 97 | 03 | 3 | Trade on alcoholic beverages | 96 | 04 |
| 4 | Free market system | 94 | 06 | 4 | Drugs not permissible | 95 | 05 |
| 5 | Broker's charging fee | 95 | 05 | 5 | Trading on sculptors | 96 | 04 |
| 6 | Demand honesty | 98 | 02 | 6 | Pornography and Idol | 94 | 06 |
| 7 | Fraudulent transaction | 99 | 01 | 7 | Prohibits prostitution | 98 | 02 |
| 8 | Honest at all time | 97 | 03 | 8 | Forbade uncertainty | 94 | 06 |
| 9 | Purchase stolen property | 93 | 07 | 9 | Incorrect weights & measures | 99 | 01 |
| 10 | Lending on interest | 94 | 06 | 10 | Price manipulation | 98 | 02 |
| Islamic Corporate Social Responsibility to Employees | | | | Islamic Corporate Social Responsibility to Society | | | |
| S/N | Variable(s) | Yes (%) | No (%) | S/N | Variables | Yes (%) | No (%) |
| 1 | Fairness to employees | 96 | 04 | 1 | Welfare to weak members | 97 | 03 |
| 2 | Justice to employees | 98 | 02 | 2 | Hoarding in the society | 96 | 04 |
| 3 | Fair remuneration | 95 | 05 | 3 | Society and price manipulation | 92 | 08 |
| 4 | Respect employees | 98 | 02 | 4 | Protection against greed | 95 | 05 |
| 5 | Treatment to employees | 97 | 03 | 5 | Provides essential supplies | 91 | 09 |
| 6 | Right to privacy | 96 | 04 | 6 | Encourages partnerships | 94 | 06 |
| 7 | Accountability | 99 | 01 | 7 | Natural environment | 98 | 02 |
| 8 | Respite to employees | 98 | 02 | 8 | Kindness to animals | 95 | 05 |
| 9 | Non-muslim beliefs | 97 | 03 | 9 | Engage animal fights | 94 | 06 |
| 10 | Islamic moral code | 94 | 06 | 10 | Polluted the environment | 95 | 05 |

Source: Field Survey (2011)

% of 400 Respondents

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:

- 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;
- 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;
- 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;
- Political-related activities such as taking a position on pollution control and consumer protection issues; and
- Social-related activities such as educational support, health etc.

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