Original Paper

Multinational Corporations (MNCs) and Corporate Social Responsibilities (CSR): Opportunities for Sustainable Community Developments in Africa

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Abstract

As the quest for multi-stakeholders' approach to the development of communities and societies across Africa becomes intensified in view of reduced government pro-active development efforts due to dwindling resources and high competing demands from other sectors, the paper examines available opportunities for community development through CSR programs of multinational corporations. It observes that corporate social responsibility programs of multinational corporations have not made meaningful development impacts despite the fact that corporate social responsibility platforms are veritable means of fast-tracking development at community level across Africa. It concludes by identifying strategies for enhancing corporate social responsibility impacts and possible areas of interventions for community development across Africa through multinational corporations' corporate social responsibility platforms.

Keywords

multinational corporations, corporate social responsibility, community development, Africa

1. Introduction

Multinational Corporations (MNCs) are essential features of modern day global businesses. They are business organizations whose production, processes and management configuration is controlled in more than one country other than the home country (Doob, 2013). They are enterprises which have operations in more than one country (Shameema & Sahidur, 2009, p. 111). Multinational Corporations (MNCs) are also commonly referred to as Transnational Corporations (TCs) or Multinational Entrepreses (MNEs) (UNCTAD, 1999). This is because of the way they spread and pursue global business activities beyond the confines of a particular nation. Multinational Corporations (MNCs) are diversified. They are multi-products entities and conglomerates whose shares are owned by citizens of industrial nations or rich citizens across the world (Adeyeye, 2002). Another important feature of Multinational Corporations (MNCs) is that they have subsidiaries that are scattered across countries. For instance, research has indicated that by 1985, there are about 11,000 Multinational Corporations (MNCs) having some 85,000 subsidiaries or agents with financial worth over 1,000 billion dollars; but for certain that this has increased to over 45,000 (MNCs) in 2015 with about 300,000 subsidiaries and the financial worth over 300,000 billion dollars. This number is increasing by the day. Multinational Corporations (MNCs) are stupendously rich and powerful. They also possess unique strength and impetus for facilitating development worldwide across their areas of influence. Apart from engaging sizable number of people in their respective local areas of operations, Multinational Corporations (MNCs) have successfully leveraged on the growth and development of communities and societies across the globe particularly in developed countries. One of the major platforms by which this is achieved is through Corporate Social Responsibility (CSR) platform.

The Corporate Social Responsibility (CSR) platform involves effort of business activities at effectively developing mutually beneficial relationship with the societies in which they operate. It is also a way in which business gives back to the society some forms of assistance and other legitimate offering that are due to relevant stakeholders. Simply, Corporate Social Responsibility concerns how business enterprises relate to, and impact upon, a society's needs and goals (UNCTAD, 1999, p. 1).

The scope of corporate social responsibility is inexhaustive as it keeps unfolding as the entreprise-community relationship lasts. However, MCNs, civil society and governments often focus on environmental efficiency projects, human rights concerns, diversity in jobs and employment opportunities, upholding shareholder interests, investment reporting and supply chain control, provisions of physical infrastructure scheme, economic empowerment and commitment to sustainable business practices in operating areas. In principle, a company is broadly responsible for the consequences of its operations, including direct impacts as well as unintended side-effects or other externalities that affect third parties (UNCTAD, 1999, pp. 7-8).

The principle of Corporate Social Responsibility (CSR) involves varying definitions, with different sets of goals and complex corporate policies, but most importantly, it is about business acknowledging the fact that it is not divorced from its operating society. The underlying assumption of Corporate Social Responsibility (CSR) is that society and business are interdependent and each partner must be assured of mutual understanding and responsible behavior. The role of business in shaping the future and making proactive contributions to societal development has been recognized and is also being encouraged by society through assurances of cooperation.

Interestingly, there is an emerging approach to Corporate Social Responsibility practices. This approach to Corporate Social Responsibility (CSR) practices seems to be increasingly defined by existing dichotomies in global economic configurations. In the developed countries for instance, the focus of Corporate Social Responsibility (CSR) dwells mostly on designing programs that will make business operate in acceptable relationship with stakeholders. In the United States for instance, Corporate Social Responsibility (CSR) is defined much more in terms of philanthropic model. Companies make profits, unhindered except by fulfilling their duty to pay taxes. Then they donate a certain share of the profits to charitable causes. As at 2017, study shows that the CSR stakes in the United States have heightened. Beyond the philanthropic donations, most Americans are looking to companies to take the lead in advocating for issues that are important to consumers. Further, Americans want the companies they support to stand up for social causes far outside their operational footprints-from immigration to gun control to LGBTQ rights (Brannum, 2017). In Europe, the focus of Corporate Social Responsibility (CSR) is predicated on operational model in which business in doing their thing is expected to act in a socially responsible way, complemented by investment in communities. To this effect, the 2001 European Commission Green Paper on promoting a European framework for CSR states that corporate social responsibility is a concept whereby companies integrate social and environmental concerns, their business operations, and their interaction with their stakeholders on a voluntary basis (Forte, 2013, p. 816).

Nevertheless, in African developing countries where there are critical challenges of infrastructure deficits, unemployment, excruciating poverty, conflicts, insecurity and poor human capital development, the focus of Corporate Social Responsibility (CSR) is anchored on how to assist African societies and institutions particularly local communities in the arduous task of instigating growth and development in relation to local contexts (De Jongh & Prinsloo, 2005; Kolk & Lenfant, 2010). There are critical development issues in developing countries that require companies' pro-active interventions through Corporate Social Responsibility (CSR). The development challenge in Africa cuts across helping communities and societies to rebuild education, massive infrastructural interventions, human capacity development particularly at community level and also the need to render assistance in health, security, agriculture, sports among other sectors. Specifically, due to high rate of poverty, infrastructural decay, system failure, illiteracy, unemployment, low standard of living (less than two US dollars per day), malnutrition, in African developing countries, there is a growing interest and

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concern on how businesses should take the lead in helping to address and solve societal problems particularly in areas where national government's response has been lacking or inadequate. Hence, there is growing pressure on business to play a role in sustainable social development in the developing countries of Africa.

Corporate Social Responsibility (CSR) therefore is an emerging corporate creed to which Multinational Corporations (MNCs) subscribe in order to make their impact on host societies. It is a veritable platform for contributing to sustainable growth and development in areas where corporations operates. Aside from its adoption to solve multifarious problems of societal developments, it has been discovered that CSR is also one major source of company's sustainability. Research reports concur that the essential principle which guides Corporate Social Responsibility (CSR) practices is predicated on business commitment to sprawling relationship with relevant stakeholders particularly consumers, employees and host communities (Jose Milton et al., 2010; Andrea, 2010). This relationship must be cultivated and effectively managed in order to engender sustainable activities. Feghi and Nasar (2012) affirm in their study that in management practices, Corporate Social Responsibility (CSR) has become a widely accepted approach to effective operations. In their reports on the "Role of Business in Society: An agenda for action" at Harvard University CSR and international business leaders forum, Fitz and Cormack (2006) clearly emphasized the critical role of social responsibility for successful business expeditions. It helps to promotes good corporate image, engender support and guarantee interested patronage. Companies that practice CSR enjoy robust relationship in the communities where they operate. In fact, it has been proved that long time profitability of corporate organizations depends on the extent of their visible CSR activities.

The study examines the underlying principles of Corporate Social Responsibility practices (CSR) of Multinational Corporations (MNCs) in developing countries. It articulates essential Corporate Social Responsibility (CSR) activities of Multinational Corporations (MNCs) that can be used to drive development activities of communities across Africa in view of pervading poverty and underdevelopment crisis. It also identifies the lingering challenge of making CSR activities of Multinational Corporations work effectively for African community developments. The study concludes by identifying specific CSR windows of opportunities and interventions that are available to Community Development Associations (CDAs) to address African development challenge by CSR programs of Multinational Corporations (MNCs).

2. Method

This research relies on the review and analysis of relevant bibliographical secondary resources as the method to examine the fundamental issues of the discourse. The paper has sections four main sections. The first section of the paper introduces—by way of definition-the concepts of Multinational Corporations (MNCs) and Corporate Social responsibility (CSR). This section provides a universal overview of the subject of this research. The second section highlights the methodology adopted to execute the research from its conception to its conclusion. The section presents the break-down of the various components of the paper. The scope of the third section is to briefly examine the CSR activities of the Multinational Corporations in Africa; this provides the context for the arguments and positions of this paper. The fourth section of the paper highlights major challenges militating against the success of CSR programmes of MNCs in their African host societies. In the fifth section, the paper recommends ways through which the CSRs could drive sustainable community development.

3. Multinational Corporations' (MNCs) CSR Practices in Africa

In 2014 the Global Investment Trend Monitor issued by the United Nations Conference on Trade and Development (UNCTAD), affirmed that multinational corporations (MNCs) from developed economies alone invested almost half a trillion US dollar abroad, a 30% increase from the previous year. Their share in global Foreign Direct Investment (FDI) reached a record of 36%, up from 12% in 2007, the year prior to the financial crisis. Essentially, multinational corporations (MNCs) have been brandished as viable alternatives to poverty alleviation in developing countries because of their CSR potentials. These types of corporations and companies are diversified multi-product concerns with enormous capacities to help fast track development of African communities. They have the wherewithal to positively influence and develop communities. Multinationals corporations and other related companies around and across African communities are CSR compliant as a consequence of subsisting national and international frameworks that enjoin CSR practices. Aside from specific company CSR activities that are directly related to companies' profit (such as marketing and brand enhancement investments), the promotion of various CSR programs and other related interventionist schemes are now topmost priority in CSR projects. CSR is one of the major ways by which companies reach out to stakeholders. In Africa and other developing countries, Multinational Corporations (MNCs) have utilized CSR activities to establish their relevance.

There has been admixture of various CSR policies and programs that are observable in Africa for instance. We have the stakeholders' approach which emphasizes involvement of relevant stakeholders particularly host communities in CSR activities of companies. This approach is regarded as the most effective and efficient way because of the impact it has on both the companies and targeted CSR beneficiaries. However, this approach is rather superficial across African developing countries. Stakeholders particularly communities in African countries are rarely involved or not intellectually equipped enough to enjoy the benefits of engagement with companies. Instead, multinational

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corporations seem to prefer philanthropic approach to CSR practices. The philanthropic model of CSR is the most commonly used approach by multinational corporations (MNCs) in Africa. Under this approach, companies allocate certain amount of resources for intervention in some identified programs in communities in their jurisdiction based strictly on philanthropic gestures. The approach merely engages in periodic contributions of what the companies thought the communities would need. Often times, this approach do not follow any clear format from the perspectives of beneficiaries. This is why despite enormous resources claimed by Multinational Corporations (MNCs) to have been invested in CSR practices in African communities, the effect of such intervention are not been apparent to most beneficiaries and host communities (Asolo, 2010). Besides, there have been complaints as to what actually inform the decision of multinational corporations in their specific CSR interventions. People have accused the CSR practices based on philanthropic model across Africa as being unnecessarily diversionary, insincere, discriminatory, and of no meaningful developmental impacts to targeted communities. In Nigeria for instance, most companies particularly Shell Petroleum Development Company (SPDC) have become frustrated despite the huge resources they have claimed to have committed to CSR practices. They have continued to record hostilities from their host communities; the resultant hostilities have threatened growth and sustainable development (Adeyeye, 2009). These series of restiveness are occasioned by the feeling of disappointment and marginalization in the face of apparent failure by the MNCs to fulfil the minimum obligation of mitigating operational induced burdens on the host communities.

Since the bulk of CSR practices in Africa are hinged on philanthropic model, it is apparent that Multinational Corporations (MNCs) have not successfully made the best use of CSR opportunities to impart communities in African developing countries. It is therefore not surprising that the major effects of Multinational Corporation (MNCs) CSR interventions is community agitations and protests which have become a common experience. Multinational Corporation (MNCs) often misplaced their Corporate Social Responsibility priority because of lack of synergy between companies and concerned host communities. Essentially, most companies lack adequate knowledge of possible areas of development interventions at the community level. They often display lack of deep appreciation of the peculiarity of many African development challenges. In most instances, Multinational Corporations (MNCs) seems to focus purely on stop-gap philanthropic measures to address community underdevelopment problems. The community on its part however requires development interventions that are more sustainable and growth oriented. Africans desire practical interventions that clearly address obvious development lacuna in their daily lives. The CSR agenda of many Multinational Corporations do not properly situate this in its prosecutions; hence the limited impact of CSR activities thereby throwing the challenge of making CSR work effectively for African development.

4. The Challenge of Development in African Communities through CSR of Cooperative Societies

The challenge of making corporate social responsibility of multinational corporations (MNCs) work effectively in African developing countries includes the following. First, there is a major lacuna occasioned by the top-bottom approach to corporate responsibility practices by multinational corporations in Africa. Most of the time, corporate multinationals assume that they know what their African host communities need without prior proper engagements with concerned communities. They assume that they have total knowledge of community problems. They also respond to African community problems in their Corporate Social Responsibility (CSR) activities with equal measure of wrong assumptions that they know what African host communities need in order to solve their problems. This approach has proved to be faulty, misplaced and misdirected. More often than not, research findings have confirmed that what Multinational Corporations offer as community development programs are not what most communities need in reality. In other words, there have been despicable disconnect between what multinational corporations parade as Corporate Social Responsibility (CSR) projects on one hand and what African community expectations are on the other. This ought not to be the case. Secondly, there is also the Multinational Corporations' faulty approach of one-off philanthropism instead of well-orchestrated development intervention programs. This approach has proved to be erroneous and mostly ineffective. It is a misplaced corporate social responsibility community development agenda. Example of this is when for instance, a multinational corporation in the name of corporate social responsibility decided to donate a lorry load of condoms to a largely serene, non-cosmopolitan African community that is essentially value-laden and religious. While HIV/Aids may be a global problem no doubt, it is also the position of this study that most African communities in this context require something much more than HIV/Aids kits in strict and serious development priority sense.

Above all, there is also the challenge of lack of sound knowledge on critical development issues that require CSR intervention across African communities. Better said, Multinational corporations either feigned ignorance or do not have adequate grasp of key developmental issues that warrant necessary corporate social responsibility interventions. This is the main reason why despite huge resources multinational corporations claimed to have spent on corporate social responsibility programs in their annual reports, the impacts cannot be seen or have not been adequately felt across and where they are seemingly felts, the impacts are not enduring. Africa communities have not felt the effects of such humongous corporate social responsibility expeditions. There is therefore the need for a proper agenda on how Multinational Corporations (MNCs) can effectively deploy corporate social responsibility to promote development in Africa. CSR investment outlay is huge from the perspectives of multinational corporations and the expectations are also very high from African perspective. The stakes are high. If multinational corporations (MNCs) are able to use the right approach; and they rigidly deploy right knowledge, multinational corporations would have assisted a long way in advancing development targets in Africa.

5. Using CSR Practices to Drive Community Development in Africa

CSR opportunities are critical to community development in Africa. The various reports of international agencies on using businesses to advance world benefits have consistently underscore the role of businesses in taking the lead as major drivers of development. The reports also agree that the surest avenue through which this can be achieved is corporate social responsibility programs of multinationals and businesses. The concept of community is described as group of people, and interests who live in the same area or town having community spirit and desire even as they share proximity in terms of infrastructure, social services, environment etc. The community is the foundation of every nation. Hence every nation and society, realizes the need for improved communities through meaningful development programs. State and nations also acknowledge the need to undertake programs that enhance standards of life of community inhabitants.

Until recently, the task of development is thought to be the exclusive responsibilities of governments. However, the problems of dwindling resources and competing demand on the part of government have led to a new approach to community development. This is the multi-stakeholders approach. The essence of multi-stakeholders approach is to ensure that individuals, groups who benefits directly or indirectly from communities should not sit on the fence. Instead, they are morally obliged to also contribute meaningfully to the growth and development of communities. On the part of individuals and citizens within the community, they have devised a means to leverage on collective strength through Community Development Associations (CDAs). Community Development Associations (CDAs) are made up of landlord associations and other active members of the community within a town or city whose actions are to improve the conditions of their community (Oncescu & Giles, 2014). The roles of Community Development Associations (CDAs) include coming up with development plans towards collective efforts in areas of environmental sanitation, security, safety of life, construction of drainages, control of erosion, electricity project and evolving strategies that facilitate realization of plans, including collaboration and seeking assistance with stakeholders etc.

Community Development Associations are veritable avenues by which development are discussed and facilitated for the growth and development of any society or nation. Corporate organizations can provide pro-active assistance in so many areas for the development of communities through Community Development Associations (CDAs). Community Development Associations (CDAs) have well established structures, they are solidly on ground and each community is very conversant with the problems of its respective areas. Above all, they represents legitimate platform for instigating development. Community Development Associations (CDAs) are better positioned to articulate community problems. They are also the most recognized platforms for liaising with entire community in terms of collective vision, problems and seeking solutions to problems. Community Development Association (CDA) is always available for engagement in order to clearly understand what society need at any particular period.

Corporate social responsibility programs of Multinational Corporation (MNCs) can therefore fare better if they work with and engage relevant communities. Essentially, if Multinational corporations are able to avail themselves the platforms of community development associations, they no doubt would avoid most of the many pitfalls that have continued to militate against effectiveness of their corporate social responsibility activities across Africa. Multinational corporations need to establish appropriate links with their operating communities. They also need to initiate constant engagement. By so doing; multinational corporations will always be in good position to understand first hand development needs of their host community. It is not just sufficient to understand problems of community by multinational corporations (MNCs); they also need to liaise with their host communities for proper needs assessment in order to prioritize needs that are more germane. Apart from the fact that working with community development association is in tandem with bottom-top approach that guarantees effectiveness, it will also ensure that they understand the individual needs of each community because every community does have specific need. Essentially, multinational corporations can proactively intervene by providing assistance in so many areas for the development of communities where the effects and impact of corporate social responsibility can be felt. Some common areas of CSR opportunities for CDAs by Multinational Corporations are categorized as follows:

Physical infrastructure

- Building of access road
- Maintenance of parks
- Landscaping
- Community planning schemes
- Facilitation and provision of electricity
- Building of social centers/community hall
- Provision of pipe borne water

Educational and Human Capacity Development Activities

- Building of schools in communities
- Rehabilitation of old schools
- Provision of library resources
- Constructions of toilet facilities in schools
- School Adoption programs.
- Scholarship schemes
- Provision of learning aids
- Establishments of special innovation centers
- Teachers training schemes
- Provision of chairs, tables and other school classroom conveniences
- Training on technology transfer

- Training on local content development
- Promotion of local entrepreneurship
- Training of local workforce
- Painting of schools

Social Development Activities

- Sponsorship of community development day
- Support programs that enhance community social development
- Visits and making presentation to social institutions like traditional rulers
- Adequate support during community cultural day
- Special programs for the aged/orphans/widows
- Sponsorship of community emergency response program
- Endowment for community disaster management

Youth Development Activities

- Provision of Employment to the Youth of the Community
- Skill Development Activities.
- Contribution to Youth Development Organizations
- Youth enlightenment programs, e.g., HIV/AIDS/Leadership Trainings.
- Sponsorship of games such as inter-house sports

Economic Activities

- Employment provision to the community
- Company's patronage of local resources (raw materials, products and services)
- Workers of the companies' patronage of local market for food and other requirements

Empowerment Activities

- Poverty alleviation
- Providing food security
- Agricultural development
- Transfer of skills
- Provision of soft loans to citizens of communities

6. Conclusion

If the above programs have been carefully prosecuted after pro-active and robust engagements with concerned host communities across Africa, the African development enhancement level by Multinational Corporations must have increased beyond the current level. The current CSR models being adopted by most corporations, which have generally jettisoned the critical role of stakeholders' engagement in development processes have not only been responsible for poor CSR outcomes on the continent, but have fared poorly on Return on Investment (ROI) scale.

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It is quite obvious that Africa have not been able to maximize and enjoy commensurate corporate social responsibility instigated development assistance from available multinational corporations despite the much orchestrated roles of multinational corporations' corporate social responsibility to development facilitation. Most multinational corporations have not used the right approach in their corporate social responsibility expeditions and this is why despite huge resources claimed to have been expended by corporate social responsibility programs in Africa, there are high incidences of infrastructural decay, poverty and groaning underdevelopments.

In order to redress this unpalatable trend, there is greater need for multinational corporations to partner with and engage relevant community development associations. Community development associations provide contiguous platforms for effective delivery of corporate social responsibility activities in Africa. Aside, development issues that span across physical infrastructure, education, health, social and youth empowerments are available at the community level for appropriate interventions by corporate social responsibility programs of multinational corporations. The synergy between Multinational corporations and community development associations shall ensure effective optimization of investments in corporate social responsibility activities for sustainable growth and development in Africa. Lastly, in line with the current trend of knowledge economy, Multinational Corporations operating across Africa should consider and pursue a corporate policy of local content development in their operational domains in order to bequeath on the indigenes the capacity for economic freedom.

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