An Appraisal Of Corporate Social Responsibility In Nigeria Banking Sector  
(Sampling Few Banks)

Ibrahim Mohammed Gaddafi,  
Research Scholar, Faculty of Business and Law, INTI-International University.  
igaddafi2000@yahoo.com

Dr. Syriac Nellikunnel Devasia,  
Faculty of Business and Law, INTI-International University.  
syriac.devasia@newinti.edu.my

Abstract  
One of the instruments for sustainability of financial institutions is corporate social responsibility. Managers of many institutions view CSR differently based on their perception. However, it is not new to the world today that an organization that is able to manage the social, environment, and economic factor without defaulting in it deities always have high frequency of loyal customers and increase in profitability. Corporate Social Responsibility (CSR) is very important in the growth of a country’s economy. In our world today, it is said to be a ceaseless allegiance by business to adopt ethical way of activities and thereby contribute to economic growth and development. Notwithstanding, there is an increasing adoption of CSR by most industries but only few are committed to fulfilling this ethics. But the cost effect for some organizations had been a challenge except for some institutions that had been able to increase their profitability through the eco-friendly advantage of the CSR. However, this study assesses the awareness and the adoption of CSR in Nigerian banks.

Keywords: Adoption of CSR, Unethical practices.

Introduction  
When banking and financial institutions initially began, the societal expectation of the business organization did not go beyond making profits, efficient allocation of resources and its maximization. At the moment, this has changed and modern business do have to think beyond just profit maximization to towards being at least socially responsible to its society in which it operates. But, due to the modification in the business environment associated with globalization derived from the needs and wants of external stakeholders and government has altered the modern way of business thinking to go beyond profit maximization and towards being socially responsible to its society. This is the aim of sustaining the banking practices and development in the society.

Literature Review  
Accordingly, leading the banking sector towards adopting the idea of sustainability, sustainable development has become a popular topic for all to debate upon as this is now a concern to all the citizens (Hann 2017). The present interest in the role business played in the society has been promoted by increased sensitivity to the awareness of environmental and ethical issues, which means the society has become increasingly interested about the greater influence and growth by firms has not matched the effort and desire in addressing social issues including problems of poverty, drug abuse, crime, improper treatment of workers, faulty service deliveries and so on.

Perceptions on CSR  
According to Ahmed et al (2012) “CSR is generally understood to be the way a company attains a balance or integration of economic, environmental and social imperatives while at the same time addressing shareholder and stakeholders’ expectation, with the understanding that businesses play a key role on job and wealth creation in society”. Uddin et al.(2008) state that CSR “is the continuing commitment by business to behave according to business ethics and contribute to economic
development while improving the quality of the life of the workforce and their families as well as the local communities and society at large”.

In the wake of recent scandals of high profile nature found in corporate institutions in Nigeria and other part of the world, the legitimacy and reputations of banks are constantly under pressure; this is what is seen presently in Nigeria, when the present administration of President Buhari implemented the policy of treasury single account in 2016. Noyer (2008) said in the opening remarks, responsibilities of banks do need to go above paternalism, that being the concept of only serving the interest of shareholders in the space of pursuing another agenda, which can operate in a manner that is opposite to their best interest. The banking sector crisis, irresponsible behavior and other pressure groups as prompted and encourage firms to move from business as usual to social models in an effort to be more responsible. While inaccurate information and publicity of CSR related topics can tarnish a firm’s reputation, and thereby alienate customers, investors and employees, an increasing number of banks do understand the important of engaging in strategic CSR in order to repair legitimacy and brand reputation.

**Believes over time**

Over the past few decades, there has been a noticeable growth in the banking share of economic activity (Quinn, 1997; European Commission, 2001; Spence and Painter-Morland, 2010). Taking as a whole the large numbers of BANKINGs, their social practices bring about a significant social impact, by providing a social safety net and community support, demonstrating good corporate citizenship (Jarvis, 2004; Spence and Painter-Morland, 2010). Thus, they present a fertile ground for the development of socially and environmentally responsible practices (Vives, 2006; Spence and Painter-Morland, 2010). Acknowledging such significance, the study of CSR within the BANKING sector has begun to gain momentum among academics, although research is still limited (Spence, 1999; Tilley, 2000; Castka et al., 2004; Jenkins, 2006; 2009; Davies and Crane, 2010; Gellert and Graaf, 2012; Kechiche and Soparnot, 2012). Companies are viewed as human communities that use social practices in order to reach common goals according to Rendtorff and Mattson (2012). The aims and objectives are realized through bond of trust and authentic relationships with customers. The most imperative moral rule that advance "great life clients" are; client’s self-governance, pride, genuineness, and client’s defenselessness that speaks to essential assumption for average access to clients.

**Effects of unethical practices**

Bank management is responsible for providing a sustainable environment to assist the bank with the effects of the external environment (Ebiringa, 2011). Cybercrimes are also harming the Nigerian banking sector (Achua, 2008). Nigeria has high incidences of Internet-based fraud, including bank fraud, money laundering, and insider abuse (Achua, 2008). Nigerian cybercrimes are problematic because many Nigerians do not trust electronic banking, which is a necessity for a modern banking system (Achua, 2008). The absence of proper ethical standards can be ruinous to the development of a nation (Gberevbie, 2012). Some Nigerian banking executives do not practice honesty, transparency, responsibility, accountability, or mutual respect because their main concern is with assisting themselves and their loyalists (Oghojafor et al., 2010). Ogujibia and Obiechina (2011) contended that Nigerian bankers need to be responsible and accountable for attaining financial soundness because the current system is susceptible to financial misconduct. Transparency and public trust form the basis of a bank’s stability (Nwakama et al., 2012; Okezie, 2011). Formal ethical training should be a requirement of bank employees, especially management, to prevent unethical practices and corruption (Gberevbie, 2012). Ethical training could help with CSR practices.
Factors influencing the adoption of CSR in Nigeria

Developed from the study

Methodology And Characteristics Of The Sample

The expected population for this study is both external and internal stakeholders of the banking sector. More also, guided by the arguments above, only few available banks were selected as a representative sample from the sample frame for reasons which is to avoid duplication of the groups selected. For the quantitative research, researcher was able to select the participants based on the internal knowledge of said characteristics. The method used by the researcher is term useful for the study “a small selected group of person from the larger population in which many members of the subset are easily identified but the enumeration of all is nearly impossible”. The study explains the framework adopted in conducting this research, while focusing on CSR aspects in the financial/banking industry in Nigeria, while the subsequence section would explains and show the methodology and tools employed for this research.

Table 1.0

<table>
<thead>
<tr>
<th>No</th>
<th>Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Zenith</td>
</tr>
<tr>
<td>2</td>
<td>Guaranty Trust</td>
</tr>
<tr>
<td>3</td>
<td>Union Bank</td>
</tr>
<tr>
<td>4</td>
<td>First bank</td>
</tr>
<tr>
<td>5</td>
<td>EcoBank</td>
</tr>
<tr>
<td>6</td>
<td>United Bank of Africa</td>
</tr>
<tr>
<td>7</td>
<td>Unity Bank</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

The number of respondents could be justifiable; which one can conclude that the tested sample represents a proportionate responds in the target region (Abuja, FCT). Before the survey was conducted, the individual respondents were asked if they have idea on CSR and Sustainable development, where there are gaps in knowledge regarding subject area, the respondents where either briefed or passed on, which lead to the distribution to only respondents who have experiences to participate in the survey. The respondents represented in the above sample from each of the banks is said to be proportionate to the number of elements in the respective strata (21 and above). A total number of 7 banks in the city Centre as directed to be visited by the bank. The bank managers were the major focus due to some information that might not be accessed by other staff. Due to the limited resources and access given, only the bank with high traffic was visited as suggest by the bank recipients.
The chapter further presents the findings of the descriptive and statistical analyses for the study, “An appraisal of corporate social responsibility in Nigeria banking sector” and describes the results from the analysis of internal consistency and exploratory factor analysis of the questionnaire. This chapter attempts to put the findings of the study as emerged in the previous empirical review. The introduction and the literature review.

To reiterate, this research study employed quantitative and qualitative methods in collecting and analyzing the data, which are described in the Research Methodologies. The results of the empirical findings are then presented accordingly. The quantitative results that would be offered also attempt to describe and identify the respondents’ knowledge, awareness and practices of CSR, sustainable development and social banking in response to the nature of banking in Nigeria through descriptive and inferential statistical analyses. Further investigation is undertaken to substantiate the findings established in the questionnaire survey by interviewing scholars and executives, together with managers and employees of banks on the similar topical issues. The interview section in this study, thus, provides a face-to-face interview analysis from the points of view of the above mentioned stakeholders.

The findings of this empirical research is put together in this present study through integrated manner and through an interpretative method, supported with figures and facts from the literature to deliver a fruitful discussion. The following sections are, hence, the product of such an attempt to give further meaning to the results. There were data collected as earlier discussed in the research methodology, hence, the study will gives detailed analysis of data that were retrieved. However, while some questions were responded to by all the respondents, other questions targeted at specific categories of respondents were attempted by only a fraction of the total number of respondents. For efficiency, and validity purpose, reliability test and validity test were conducted for this study. And also for accuracy, good relationship, significant of variables, goodness of the fit, and the test for hypothesis, the following analysis were carried out; factor analysis, regression analysis, Anova and Independent sample t-test analysis. The detailed presentation is given below.

### Qualitative Analysis

The interview methodology adopted for the study is the standard open-ended interview method suggested by Valenzuela, *et al.*, (ND) which was mixed with a little bit of informal conversation method. The main approach involves the use of the same open-ended questions with all the interviewees. Given the open-endedness of the interview questions, interviewees were allowed to respond as elaborately as possible which enabled the author to obtain richer data content. Therefore, the author reviewed the whole interviews (transcripts) for common themes, categories, and patterns as suggested by Insites (2007). This review enabled the author to code the transcript for ease of analysis.

### Interview Data Coding

The sections below shows the development of codes, coding of the data collected, identification of themes, patterns, and relationships, and the summary of the codes which will be used for further analysis and discussion. Table 1.2 shows the participants profile.

### Table 1.2: Participants’ Profile

<table>
<thead>
<tr>
<th>No.</th>
<th>Respondents</th>
<th>Work history</th>
<th>Respondents ID/Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Branch Manager</td>
<td>Worked with Zenith bank of Nigeria since 2004 as MD, making it 12 years till date.</td>
<td>Branch Manager</td>
</tr>
<tr>
<td>2</td>
<td>Branch Manager</td>
<td>Worked with Guarantee trust bank for 10 years as manager.</td>
<td>Branch Manager</td>
</tr>
<tr>
<td>3</td>
<td>Operational Manager</td>
<td>Worked with UBA bank for 10 years till date.</td>
<td>Operational Manager</td>
</tr>
</tbody>
</table>
The participants for the interview were the general manager (GM) of Zenith bank and Guarantee trust bank, Operational manager of UBA and marketing manager of Unity bank respectively. They were selected because they are the most qualified person in the organization to provide information about the organization and the determining factors for the decision in the bank. Their work history shows that they have sufficient experience and knowledge and are also in the highest positions in the organization. This will further lay credence to the information that they provide for this study. The interview with the bank managers lasted for about 1-3 hours as the managers were allowed to express themselves.

**Data Analysis according to Interview Questions**

The data collected are further sorted and organized into groups and the question-by-question based on the interview questions. First, the question which will guide the analysis from this point will be coded in to shorter form to avoid constant repetition or use of the whole question line.

<table>
<thead>
<tr>
<th>Interview questions</th>
<th>Codes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 What do you understand by CSR?</td>
<td>Q1 – Interview Question 1</td>
</tr>
<tr>
<td>2 How important is CSR to your bank?</td>
<td>Q2 – Interview Question 2</td>
</tr>
<tr>
<td>3 What challenge do you have adopting CSR?</td>
<td>Q3 – Interview Question 3</td>
</tr>
</tbody>
</table>

**RO 1.1; to understand how CSR is practiced within the banking sector in Nigeria in terms of Knowledge and importance of CSR;**

**Interview Question 1**

The first interview question of this study seeks to measure the level of the interviewees understanding on CSR. The supposed logical way to know how knowledgeable the managers are on CSR, this section helped the author to know how differently the managers view CSR and also how deeply the understand it. More also, their points and their personal description on how it is been regarded as a policy made by government. This section also gave room for the expression of how bank take and practice ethics in their organization. That is, the dos and don’ts and the ethical practices which are expected of them.

**Table 1.4: Q1 – Type/Form of Organizational Structure**

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Question</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zenith MD</td>
<td>Q1</td>
<td>“Although CSR has always been an obligation expected of every corporate organization which the bank is not an exception. However, based on present state of the nation, I will say CSR is a laid down policy that is been adopted at the discretion of every organization. CSR can also be said to be a strategic way or means for extensive business empowerment depending on the environment where the business is situated”.</td>
</tr>
</tbody>
</table>
| Guarantee trust bank | Q1     | “When we are talking about corporate social responsibility, we use the term, a means of reaching out to the society without the bank
running at loss. It is a laid down principle to be adopted as long as every Nigerian organizations is concern. Hence, we say CSR is an obligation to be fulfilled by banks and other corporate bodies”.

UBA bank Q1
OPM
“For trust, strong, satisfaction and good relationship between every bank and its stakeholders, CSR has to be adopted. So, corporate social responsibility is a means of reaching out to the environment and especially their customers. This in a way attracts more customers to the bank. In this case, CSR becomes a marketing strategy. Hence, CSR can be said to be a substantial policy to improve the bank’s profitability”.

Unity bank Q1
MM
“To me, corporate social responsibility is like charity to the society but looking at this from another angle, I will refer to it as an optional obligation that is only practiced the outcome will greatly benefit the organization in terms of cost and profit”.

ECOBANK bank Q1

“Corporate social responsibility to me is a voluntary act which is undertaken by the organisation to reach out to its business society. I see it personal way to paying bank to the society we operate inn”.

Union bank Q1

“We view it as another means of making our shareholders feel they contribute to the society”.

First bank Q1

“The idea behind social responsibility we see it as a means as another form of marketing to reach out to a society that do not pay attention to advertisement”.

The responses from the Managers above shows lots of similarities and a few differences which InSite (2007) suggests should be watchdoged for when attempting to find relationships in different data sets. The differences and similarities identified in the data are presented in Figure 1.2 using coding:

**Figure 4.1: Similarities and Dissimilarities in the responses to RQ1**

The coding is used to match the common response of the banks managers that were mentioned by the interviewees. However, there were a few differences in the responses. Not that this differences suggest disagreement between the managers, rather it only shows differences in perspective. This is really interesting because it shows how leaders of organizations sometimes perceive things differently, this can be seen where one of the managers said “CSR is a system that is just spoken about, but in reality we find it difficult to implement”. Difference in perception by organizational leaders whether big or small, can have significant implications (positive and negative) on the performance of the organizations. Positive implication is when different leaders bring in different creative ideas and are also able to analyze issues from different perspective. However, the negative implication sets in when
Organizational leaders hold different views about fundamental things like corporate vision, organization’s objectives and strategies, and actual organizational culture or structure, among others. The latter type of implication is more applicable in this context. However, the difference in the bank manager’s context is just a minor difference in perspective. The responses provide sufficient data in form of the opinions and knowledge of CSR in the organizational.

### Table 1.5: Computed Characteristics

<table>
<thead>
<tr>
<th>Initial coding</th>
<th>Focused coding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal opinion, based on perspectives of CSR, decision making on the need for adoption of CSR</td>
<td>Personal opinion</td>
</tr>
<tr>
<td>Focus on organizational and social benefit of CSR after adoption. Policy focus</td>
<td>Policy focus</td>
</tr>
<tr>
<td>Examining specific businesses effects, marketing strategies and strategic business units. Environmental advantages.</td>
<td>Divisional-based (Business units)</td>
</tr>
<tr>
<td>Focus on the change caused by CSR. Or change that came up /erupted as a result of adopting CSR. This responds to internal &amp; external changes, evolving span of control, evolves, improvising, stake holders and managements.</td>
<td>Change effect</td>
</tr>
<tr>
<td>Returns on long term or short term. Temporary benefit or profit, loss, shortage of fund, frequent profit, quick return.</td>
<td>Frequency in return</td>
</tr>
<tr>
<td>Customer’s opinions on policy. Stake holder’s pressure on what is expected of the bank. Stake holder’s functional unit.</td>
<td>Stake holders pressure</td>
</tr>
<tr>
<td>Organizational drive on CSR adoption, self-drive, political drive, profitability drive, market drive, management drive, extensive bank empowerment.</td>
<td>Extensive drive</td>
</tr>
</tbody>
</table>

**A1) Summary on the explanation of CSR given by the bank managers**

From the initial and focused coding in table 1.2 above, the explanation of each of the bank managers can be described as follows. The basic expression which were similar and based on the opinions of the entire MD referred to as ‘individual opinion’ which is confidential during the interview. However, the answers given by each of the managers were explanatory and were well structured as there is also high similarity in the response of the managers. Therefore the manager’s similarity burst down to all likening Corporate social responsibility, to be a policy laid down to be followed by businesses behaving and contributing to economic development while improving the quality of life of the people in the country, as well as the local community and society “the response also involve internal and external changes in the bank that occurred as a result of CSR”, he also likened it to an ethical standard every organization should practice. Similarly, the bank managers also said CSR is a market strategy to improve the organization as well as to increase the banks’ profitability with the ability to minimize cost. This is a very typical return every bank looks out for, as well as other organization ‘profit’. Another similarity observed was the long and short term feedback of CSR and also its importance about giving to the immediate environment and also contributing greatly to the social, economy and political issues in Nigeria.

**A2) Comparison of the responses of the bank managers**

From the responses gathered, the result deduced from the responses of the bank managers will therefore be cross-examined with basic key notes of CSR by tabulating the observed points. This is to determine whether each manager’s opinion falls under any of the noted keys. These keys suggested were discussed in chapter 2.

**Table 1.6: Comparison of basic and expected keys of corporate social responsibility and the bank manager’s opinion**
Keys | Zenith bank | Guarantee trust bank | United bank for Africa | Unity bank
---|---|---|---|---
Social dimension | Social advantage | Ethical practice | Welfare of the society | Good social advantage
Environmental dimension | Green banking | Eco friendly | Eco friendly | Sustainably development
Profitability | Moderate | Proportional | Rational | Moderate
Sustainability | High level | High level | Middle level | High level
Economic dimension | Strategic marketing | Eco friendly | Economy development | Economy development
Rationalization | Stakeholder’s mind | Marketing strategy | Stakeholder’s interest | Stakeholder’s interest

Keys | Union Bank | ECOBANK | First bank
---|---|---|---
Social dimension | Moderate advantage | Ethical practice | Welfare of its stakeholders
Environmental dimension | E-Banking | Eco friendly | Environmental friendly
Profitability | Proportional | Proportional | Rational
Sustainability | Middle level | High level | Middle level
Economic dimension | Strategic marketing | Eco friendly | Economy development
Rationalization | Stakeholder’s opinion | Marketing strategy | Shareholder value

As presented in Table 1.5, 4 bank managers’ key advantages are presented in the table above, and the table presents a summary of the advantages on the keys listed.

Table 1.7: An evaluation on the organizations drive towards adopting CSR

<table>
<thead>
<tr>
<th>Elements of evaluation</th>
<th>Banks</th>
<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Social drive</td>
<td>Welfare, Ethics ,Communication, and rules</td>
<td>More of mutual benefits for the banks and the society</td>
</tr>
<tr>
<td>2 Economic drive</td>
<td>Evolving responds to internal &amp; external consideration and changes evolving at a particular period of project.</td>
<td>Evaluating internal and external advantage</td>
</tr>
<tr>
<td>3 Profitability drive</td>
<td>Increase in profit and decrease in cost incurred.</td>
<td>Frequent profit</td>
</tr>
<tr>
<td>4 Environmental drive</td>
<td>Ethics, eco-friendly, obligation, stalk holders</td>
<td>Relatively Large</td>
</tr>
<tr>
<td>5 Sustainability drive</td>
<td>Costumers, Long term life span, extensive empowerment</td>
<td>Operating core</td>
</tr>
<tr>
<td>6 Stake holder drive</td>
<td>Customers/ stake holders have a say</td>
<td>Extensive rationalization</td>
</tr>
</tbody>
</table>

Based on the elements used in the comparative analysis, and the evaluation in the table above, the elements of evaluation and the structure used are more correlated than the others. This suggests that the bank’s manager’s drive differs from the other.
Justification for the research

The justification of this research is clear as it makes contributions, both theoretically and practically, in relation to how different top management and customer view CSR and how their interest influences its dimension in order to attain sustainable development, like the principle behind all decision making. Theoretically, there is little research on how government policy, management and customer interest affects CSR dimension in attaining sustainability in the Nigeria context and the decision behind the adoption of each CSR practices. The study bridged the major gap and weakness identified in the field of CSR and sustainable development in the literature review stage of this research. Practically, this research has implications for practitioners, specifically for the stakeholders involved in the banking sector through the provision of better information to ensure corporate social responsibility is well adhered to and applied by the stakeholders in order to differentiate themselves in terms of responsibility, needs, wants and anticipations among others. The most common understanding of CSR in developing nation like Nigeria is philanthropic donations channeled into charities, sponsoring of musical events, funding of sports/cultural programmes, promotional raffles, donations to schools and similar initiatives (Amaeshi et al., 2006; Helg, 2007; Osemene, 2011; Ibe, 2012; Owonibi, 2012).

Conclusion

In respect of the benefit banks would drive from CSR, it has been viewed that, CSR do lead to sustainability of a business. The importance of sustainability derive from CSR implementation in the banking sector, is no longer about how a business case can be viewed but how to maximize the return of investment and its growth. More also, the improvement in company performance serve as a prove that, the banking sector in Nigeria, with the right regulation from the government, are tapping into customer interest, and bank management having good rationale and decision making process on which aspect of CSR dimension activities to invest in would definitely achieve sustainable development irrespective of the economic embodiment in the country at the moment.

The study was also able to understand the Nigerian perceptions of social and ethical objectives in the banking sector and it effect and benefits to them. Finally, the author attempt to introduce what most researchers do not necessarily see the possibility by introducing the rationalization ideology behind the decision making process to adopt CSR as a means of sustainability to boost and contribute positively to the sector.

Recommendation

The following recommendations are proposed:

i. The role of government in the process of redirecting CSR as a sustainable development mechanism for the baking sector, should be strictly regulatory. This is to say that, the government should provide an enabling environment for a smooth business society relationship to exist. Thereby encouraging voluntary participation of the banks as opposed to coercive means on CSR. This is the reason the 2008 bill on CSR could not be passed by the legislative arm of government, due to the fact that, the private sector organisations did argue that the provisions of the bill leads to double taxation and incentives for industry players.

ii. It is important for civil society groups to be vigilant in regards to CSR activities which could duet national independence as well as social involvements which is design to negatively to impact on the activities of the banks and the corporates attitude in the host society, while working to promote sustainable development in Nigeria banking industry.

iii. To ensure the banks’ leverage on its CSR programmes by supporting services on the society, and also there is need for effective communication between stakeholders. This can be achieved by periodically taking into consideration on social, accounting and environmental reporting using several communication channels.


