CORPORATE SOCIAL RESPONSIBILITY (CSR) AND BUSINESS ETHICS (BE): EFFECTIVE TOOLS FOR BUSINESS PERFORMANCE IN NIGERIAN BANKS

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Abstract
Corporate social responsibility and business ethics are two related concepts. This study examined corporate social responsibility and business ethic as effective tools for business performance in Nigerian banks. The paper also ascertain whether social responsibility of banks and their ethical practices lead to achieving organisational goals. This research was conducted on a set of purposive sample of two hundred (200) bank executives and employees of First Bank and Guaranty Trust Bank in Nigeria. The study shows that there is no significant difference between employees of First Bank and Guaranty Trust Bank on corporate social responsibility and business ethics as regard business performance. However, ethical standard of doing business and financial performance differ significantly.

Key words: CSR, Business ethics, performance, executive, employees

Introduction
The banking industry in Nigeria is one of the fastest growing sectors of the economy. The behavior of banks correspond to the social and economic systems in which they are embedded and the social and cultural norms prevalent at a particular point in time. It is then one can argue that several practices of philanthropy and CSR of businesses in Nigeria are largely influenced by the context in which the companies operate i.e the wider the socio-economic environment and the relationship between business, government and society Mohan, (2001).

Corporate social responsibility should not be perceived as a new concept in Nigeria. It has a well established tradition in the corporate sector, especially in family owned organization that are well grounded at social orientation towards community through charity and philanthropic activities. CSR as a field of study has grown so large in the last decade. Virtually all the banks issues CSR report. Most banks, at any point in time, engage in serious efforts to define and incorporate CSR into all aspects of their business.

A large and growing body of literature published over the past years had demonstrated the importance of CSR/BE as effective tools for business. CSR/BE towards enhancing effective business performance has been conceptualized as being socially responsible means that people and organizations must behave ethically and sensitive towards social, cultural, economic and environmental issues.

Theoretically, CSR/BE like any other aspect of strategy is often conducted via three main steps: corporate ethics, personal value, business ethics and social responsiveness. Corporate ethics...
programme is made up of values, policies and activities which impact the propriety of organization behaviors (Stephen 1992). At the second stage, Guth and Tagipuri refer to personal values as a conception of what an individual or group regards as desirable. Value is a view of life and judgment of what is desirable, which is very much a part of a person’s personality and a group (Hamermesh and Porter; 1982). Personal values are gotten from parents, teachers, peer group, elders and as an individual grows, values are adapted and refined in the light of new knowledge and experiences. At the final stage, i.e. business ethics which is known as business science of conduct. Philosophers have been discussing ethics for at least 2500 years now, since the time of Socrates and Plato. Business ethics is basically about knowing what is right and wrong in the work place and doing what is right.

It has been argued notably by economists Adams Smith and Milton Friedman, the only responsibility of business is to perform the economic functions that efficiently and provide goods and services for society and earn maximum profit. They felt by doing so, market forces would ensure that business perform its economic functions and leave the social function to other institutions of society such as government Kazmi (2008).

Specifically, many factors account for the apparent neglect of social responsibility by Nigerian organisations some of these reasons are identified as follows by Nwachukwu (2009):

- The relative small size of Nigerian business enterprises.
- Many of the large enterprises are owned by foreign firms whose main pre-occupation is profit maximization.
- Some of the foreign entrepreneurs come from countries where the consciousness for social responsibility is at best in its basic infancy.
- Nigeria had over the years placed much reliance on publicly owned enterprises.
- The lack of professionalism in management style.
- The society expects little in the way of social responsibility from businessmen.

Since business firms employ people and supply goods and services to customers, they are integral parts of society. They acknowledge that there are certain social and ethical obligations which the business enterprise must fulfill. These social and ethical obligations are identify by Osuagwu, Aluko, Odugbesan, Gbadamosi (2009) as:

- A good public image
- Conservation of energy and the protection of the environment from industrial pollution.
- The satisfaction of being good employers.
- Provision of facilities or welfare to local and national community eg through sport sponsorship, donation to charity etc.

Other empirical studies such as Nwachukwu (2009), Cook and Mendleson (1997), Edwin (1997), Bauer and Fenn (1973) have severally hammered on the various advantages to be derived from CSR/BE as a tools for business performance. In one of such reports, Bauer and Fenn (1973) hinted that social responsiveness can be aligned strategy formulation and implementation. But responsibility functions, just like other business functions, need to be evaluated with regard to their effectiveness.
Ironically, the decision to be socially responsible and carry out business in an ethical manner is a complex and difficult one to make. In a study by Nwachukwu on 205 Nigerian business organizations employing more than 50 employees from each, it was found that 67% of the respondents were fully aware the need for social responsibility of business. For instance, individual firms or companies choose not to be socially responsible because it reduces their current profit. Whereas those who are socially responsible and do business in an ethical manner should periodically conduct a social audit, which is a commitment to systematic assessment of and reporting on some meaningful, definable domain of the company’s activities that have social impact.

From these submissions the basis for misperception and the psychological reasons for firms refusing to be socially responsible, however, may differ among sub-firms. For instance, government legislation and the self interest of firms, especially multinational have forced some claimed patterns of practice of CSR on firms.

It is important to note, however, that few studies have been conducted in this part of the world with special reference to CSR/BE in the banking industry. For example the studies of Damachi (1978), Bello and Iyanda (1981), Lawal (1992), Ogundele and Oni (1995), Nwachukwu (2009) did not directly address this issue. It is on this note therefore that this study is out to investigate the effects of CSR/BE as tools for business performance in two Nigerian banks.

The choice of this sample is partly based on the assumption that a key element of a bank’s mandate is to extend and disseminate knowledge with respect to not only CSR but also provide managers that are well cultured and competent professionals who are sufficiently capable of influencing others and imbibing the culture of individual social responsibility (ISR) to achieve CSR. With this in mind, this study is designed to address the following research question and hypotheses respectively: How do employees of the banks (First bank & Guaranty trust bank plc.) sees CSR/BE with respect to business performance? Emanating from this research question are the following hypotheses to be tested.

Ho1: There will be no significant difference in the employees opinion of from first bank and Guarantee trust bank plc as regard CSR/BE and business performance.

Ho2: There is no significant difference between banks ethical standard of doing business and business performance.

**Methods**

Sample and sampling procedure

The sample of this study comprises of 100 employees randomly drawn from two Nigerian banks i.e First Bank plc and Guaranty Trust Bank plc. Nigeria.

**Procedure and Instrument**

Participants completed a 25 item 5 point Likert scale questionnaire designed by the researcher. The two hypotheses generated were tested using employee t-statistic at .05 at alpha level. Analysis conducted to assess employees of First bank and Guaranty Trust bank on CSR and BE with special regards to business performance.

Ho1. There will be no significant difference in the employees from FB and GTB as regards CSR/BE and business performance.

Result of t- test comparing employees from the two banks as regards CSR/BE and business performance.
The hypothesis was stated to test the significant difference experienced by employees in terms of the two banks.

Table 1 reveals a calculated t-value of -1.49 with a critical t-value of 0.98. Since critical t-value is less than the calculated t-value there is a significant difference between the two banks with the employees from GTB having greater mean scores. Therefore, the hypothesis which stated no significant difference between the employees from FB and GTB as regard CSR/BE on business performance was rejected.

**Ho2:** There is no significant difference between banks ethical standard of doing business and financial performance.

<table>
<thead>
<tr>
<th>Variables</th>
<th>No of cases</th>
<th>Mean X</th>
<th>SD</th>
<th>DF</th>
<th>Calculated t</th>
<th>Critical t</th>
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<tbody>
<tr>
<td>Financial performance</td>
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<td>57.8846</td>
<td>7.561</td>
<td>199</td>
<td>0.89 (NS)</td>
<td>0.98</td>
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<tr>
<td>Ethical standard</td>
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<td>56.3684</td>
<td>8.032</td>
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</tr>
</tbody>
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*Significant difference at 0.05 alpha level.

*<0.05

The hypothesis was stated to test the significant difference between financial performance and ethical standard of doing business.

Table 2 indicates a calculated t-value of 0.89 and a critical t-value of 0.98. Since the calculated t is less than the critical t-value, the result means there was no significant difference between the two variables (financial performance and ethics) thus, the hypothesis which stated no significant difference was therefore accepted.

**Discussion**

The findings of this study provide some context for considering the development and importance of CSR/BE in the banking industry. Specifically, the study examines corporate social responsibility and business ethics as effective tools for business performance. Overall, the participants demonstrated different levels of perception. However, of specific importance to this study were findings that employees from the banks did not show any significant differences in their responses as regards CSR/BE on business performance. On the other hand, the responses to the two variables (financial performance and ethics) differ significantly. Nwanchukwu (2009) which revealed that out of 205 Nigerian business organizations employing more than 50 employees each, 67.4% of the respondents were fully aware of the need for social responsibility of businesses. In addition to this, CSR/BE could be influenced not only by the two variables but also by other strategies put in place to achieve organizational goals.

**Recommendations and Conclusion**

Given that a significant number of staff or bank executives are at the high side of being socially responsible to their immediate environment and carry out their businesses in an ethical manner.
Corporate social responsibility is seriously considering the impact of the company’s actions on society and taking into account its stakeholders or claimants in the organisation. In the first place, a survey of 200 bank executives and employees shows that the industry needs to be informed regarding the implications of CSR/BE in business performance. Furthermore, bank strategy formulators and employee personnel services need to be versed in the essentials of business ethics and social responsiveness as they may well put into consideration where they have provided CSR at least be knowledgeable about appropriate CSR related for their claimants. Finally, because it is likely that CSR/BE on business performance will likely take place in the strategy formulator’s office, bank executives and other employees must be able to perform under, corporate ethics as well business ethic and socially responsive, which require among other findings a familiarity with behavior change approaches.
References