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CULTURAL VALUES, CORPORATE SOCIAL RESPONSIBILITY AND MANAGERIAL ETHICS IN ORGANIZATIONS IN NIGERIA: A CHALLENGE TO DEVELOPMENT

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ABSTRACT

There is a conventional wisdom that organizational managers consider certain values in their decisions about corporate social responsibility programmes and managerial ethics. That is where the problem of this paper lies. The objective of the paper therefore, is to determine and assess cultural values in relation to corporate social responsibility and managerial ethics as variables in assisting organizational managers in making decisions in the face of challenges especially from the 'etic' environment. To accomplish this objective, the paper reviews relevant literature on cultural values, corporate social responsibility, managerial ethics and related research reports and cases. Some of the literatures reviewed were those of Hofstede (1980, 2001), Aluko et el (2004), Amaeshi et al (2006) and European Commission (2011). The paper found out, among others, that cultural values play a dominant role in making managerial decisions about corporate social responsibility and managerial ethics. The paper also recommends that managers should have the strong will based on integrity, honesty, trust, and openness in order to be successful, corporate social responsibility should be seen beyond the old philanthropy of the past, more organizations should establish and enforce codes of ethics as they embark on training and development of employees and so on. The major contribution of the paper is that cultural issues permeate all business organizations and can aid development in Nigeria and indeed Africa.

Keywords: Cultural Values, Corporate Social Responsibility, Managerial Ethics, Ethical Decisions, Development, and Nigeria

INTRODUCTION

Hofstede (1980, 2001) and Namenwith & Weber (1987) stated that culture is a system of values and norms that are shared among a group of people and that when taken together constitute a design for living. In this design, people argue they fight and are prepared to die over values they perceive as being of value to them. This statement may imply that the most important determinant of social responsibility and ethical management is cultural values. The relationship between business and society, business and its environment and participants as observed by Aluko et al (2004) is very dynamic and complex. The notion of social responsibility and managerial ethics has emerged out of the dynamism of the relationship between these parties. All businesses (organizations) operate under certain environmental factors. The factors could be either internal (emic) or external (etic) and the awareness of the social impact of business on the society is enormous: overtly, covertly, directly and indirectly.

One of the most publicized aspects of the external or outside environment is the issue of social responsibility and the related issue of ethics in management. Daft (2000) has it that of the values that make up an organization's culture, ethical values are now considered among the most important. Ethical standards are becoming part of the formal policies and informal cultures of many organizations in Nigeria.

The etic aspect of the environment of organizations has remained relevant in management literature and one of the most important. This literature is the aspect of social responsibility and related ethical conduct. Aluko et al again emphasized that:

> *for as long as the business system remains a subsystem of the organized society, the modern business manager or executive is left with no choice other than to be concerned with societal expectation, that is, to be socially responsible.*

Since organizations function as part of an interactive system, with several interests, the organization cannot afford to ignore these interests. The success or otherwise of the organization depends to a large extent on interest of these groups of stakeholders.

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and refers to management's obligation to make choices and take action so that the organization contributes to the welfare and interest of society as well as itself. Managerial ethics on the other hand, are principles that guide the decisions and behaviours of managers with regard to whether they are right or wrong in a moral sense.

Paper Objective

The objective of this paper is to determine and assess cultural values in relation to corporate social responsibility and managerial ethics as variables in promotion an effective and ethical organization. The lack of values, corporate social responsibility and managerial ethics may trigger organizational conflict capable of undermining development in Nigeria. The paper also seeks to add value tt he already existing literature on cultural values, corporate social responsibility and managerial ethics with reference to Nigerian business environment.

Literature Review

The review of literature for this paper is based on the following variables: cultural values, corporate social responsibility, managerial ethics and development.

Cultural Values

Values, according to Rokeach (1973) are beliefs about personally or socially preferred motives of conduct or end-states of existence. They are ones' principles or standards, one's judgment of what is valuable or important in life'. Thombury (2003) believes that values determine the behaviour or action of the individual in an organization or a society. They are concerned in the words of Mullins (2003:326), with "what should be and what is desirable". Gross (1987) suggests that to convert a belief into an attitude, a 'value' ingredient is needed, which by definition , is to do with an individual's sense of what is desirable, good, valuable, worthwhile and so on. Hofstede (1980, 2001) emphasized that values are broad tendencies to prefer certain states of affairs over others. To McShane and Glinow (2000), values are stable, long-lasting beliefs about what is important to the individual. They are of a higher order of beliefs and are evaluative standards that help people define what is right, or wrong, good or bad in the organization or society. Values may be classified as terminal or instrumental. While terminal values are desired states of existence that individuals think are worth striving for, instrumental values are desirable modes of behaviour that assist individuals in reaching the objectives of terminal values.

From the above, it is clear that cultural values, as posited by Schein (1985) reflect someone's original values. Solutions about how to deal with or build a new task, issue or problem are based on conviction of reality. If solution works, the value can transform into a belief. Values and beliefs become part of the conceptual process by which group members justify actions and behaviour.

Building a culture that values social responsibility and managerial ethics as stated by Handy (1988) may be influenced by a number of factors, such as: the history of the organization (including it philosophy, top management and reorganization), the primary function and technology (range and quality of products and services rendered, the importance of reputation and the type of customers, the goals and objectives of the organization (profitability, long term survival, growth, development, or broader social responsibility and so on). Furthermore, the size of the organization (bigger size, rapid expansion, decline, rate of growth, or resultant changes in staffing), the geographical location (including physical characteristics that may affect the nature of services provided, the sense of 'boundary' and distinctive identity and opportunities for development). Others are the nature of management and employees and the external environment.

The implication of these factors is that the organization has a multidimensional relationship with a number of claimants (stakeholders or participants): employees, customers, suppliers, shareholders, local community, the government, and its agencies and the society and so on. Each of these claimants expects social responsibility and ethical behaviour from the organization.

Corporate Social Responsibility (CSR)

CSR (corporate conscience, corporate citizenship, social performance or sustainable responsive business) is a built in self regulatory mechanism whereby an organization monitors and ensures its active compliance with the spirit of law, ethical standards and global norms. There are a number of perceptions of CSR. McWilliams and Siegel (2001:117) for example, define CSR as "actions that appear to further some social good, beyond the interest of the organization (firm) and that which is required by law". Andrews (1971) posits that CSR is the intelligent and objective concern of welfare of society that restraints individual and corporate behaviour from ultimately destructive activities, no matter how immediately profitable, and leads in the direction of positive contributions to human betterment variously as the latter may be deferred. Recently, the European Commission (2011) defined CSR as "the responsibility of enterprises (organizations) for their impacts on society". Respect for applicable legislation, and for collective agreements between social partners, is a prerequisite for meeting that responsibility.

To fully meet their CSR, organizations should have in place a process to integrate social, environmental,, ethical, human rights, and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders with the aim of maximizing the creation of shared values for their owners/shareholders and for their other stakeholders and society at large as well as identifying, preventing, and mitigating their possible adverse impacts.

For this paper, Amaeshi et al (2006) definitions are useful. They defined CSR from the perspective of the Nigerian society and local realities as "the corporate act of giving back to the immediate and wider community in which organizations carry out their business in a manner that is meaningful, valuable and relevant to that community". It is "a way for the companies to reach out to their host communities by positively impacting on their environs" and "a way of saying "thank you" to the environment in which they operate and a way of also showing a sense of belonging to the society at large".

These view points of CSR is supported by the local environment and emphasizes the philanthropic nature of the Nigerian society which is also culture-bond. The conception of CSR as philanthropic is highly connected to traditional socio-cultural heritage of our indigenous organizations. For example Nafziger (1969, 1977) posit that the traditional family or kinship pattern of production characteristic of agrarian mode of livelihood has been the governing order of organizations which still reflected in the structure of most organizations. The kinship – network based system seem to imply that organizations first serve the interest of their network members as their primary constituency. To this end, philanthropy, goodness to society and charity are conceived within the moral economy of kin-based solidarity and reciprocity, (Adi, 2006).

Secondly, CSR as philanthropy in Nigeria seems to be tied to religious inclinations. The Nigerian society in general is very theistic in nature. People belief in supernatural realities, Adi further opined that, since gifts and sacrifices are core to religion, the same beliefs could have found an outlet in the understanding and practice of business-society relations in Nigeria.

Organizational Stakeholders

Daft (2000:69) defined a stakeholder as "any person or group within or outside an organization that has a stake in the organization's performance". Each stakeholder has a different criterion of responsiveness because it, he or she has different interest in the organization. The organization's performance affect stakeholders and stakeholders can also have a tremendous effect on the organization's performance and success. For this paper, the following organizational stakeholders are identified:

- Consumers and users
- Regulatory authorities
- Stock holders/investors
- Employees
- Suppliers
- Governments
- Special interest groups
- Parties
- Health agencies
- Research institutes
- Creditors
- Non-governmental organizations
- Communities
- Disabled (physically challenged)
- Widows/widowers

The paper agrees with the view of Wheeler et al (2003), which state that investors/shareholders, employees, customers/users, and suppliers are considered primary stakeholders without whom the organization cannot survive and their interests are served by managerial efficiency – use of resources to achieve profits. Employees expect job satisfaction, while consumers/users are concerned with decisions about the quality, safety and availability of goods and services.

system as well. However, similar drivers across localities may give rise to different CSR responses or programmes.

Use of CSR resources

Generally, CSR is largely the response of big organizations that have invested enormous resources in production and services. Many organizations channel their resources to address the following issues: education (training and development), provision of health care, infrastructure development, poverty alleviation, security, and sports/arts and culture. However, Porter (1980) in his shared value model argued that corporate success and social welfare are interdependent. According to Porter, the resources of big companies are used for CSR as shown in table 1 below:

Table 1: Where big companies spend their CSR resources

Value	Purpose	Impact	Benefits
CSR as value creation. *5-star*	Innovative and promotes sustainable business model	Fundamental strategic and operational impact.	• Shared value (business – institutions and communities) • Promote competitiveness and innovation. • Promotes a sustainable business model • Integrates business into the community. • Develops human capital (key in developing countries). • Incorporate into the Business Strategy.
CSR as risk management *3-star*	Compliance	Medium to high and strategic operational impact.	• Mitigates operational impact. • Mitigates operational risks. • Supports external relationships.
CSR as corporate philanthropy. *2-star*	Providing funding and skills.	Little strategic and operational impact.	• Corporate philanthropy and sponsorships. • Short-term benefits / not always suitable. • Limited funds available. • Impact diluted because limited budget is allocated to many charities. • Corporate competencies and other business assets not fully utilized. • Misalignment between business and social responsibility strategies and functions. • Results in minimal social and business impact of social programmes.

Source: *Porter, M. E. (1980): Competitive Strategy: Techniques for analyzing Industries and Competitors. New York: Free Press*

The table shows resources from CSR valued from the perspective of value creation, risk management and corporate philanthropy. There are different purposes, impacts and benefits. For example, the impact on society may range from a 2-star to a 5-star (little impact to fundamental strategic impact). It means most of the resources are used for little strategic operational impact (2-star) in Nigeria as the above table indicates.

Benefits of CSR

A number of benefits are inherent to social responsibility organizations. Some of these benefits include the following:

- Aid in recruiting and retention of employees especially within the 'graduate' market since potential recruits often ask about an organization's CSR policy during interviews.

- Assist in risk management which is a central part of corporate strategy. Reputations that take decades to gain may be ruined within few hours through incidents of corruption, scandals or environmental accidents. Therefore, CSR encourages organizations to "do the right thing", at all times.
- CSR benefits the organization through brand differentiation. In a competitive market, organizations strive for a unique selling preposition that may separate them from other competitors in the minds of customers. CSR can assist in building customer loyalty based in distributive ethical values; reputation for integrity and best practice.
- CSR serves as an operating license. Companies are keen to avoid government intervention in their business operations through taxation and regulations. By taking substantive voluntary steps, they can persuade governments and the wider public that they are good corporate citizens with respect to labour standards and impact on environment.

Managerial Ethics (ME)

Alexander Orlor writing on ME emphasized that:

> *Honesty and loyalty may be often deeply ingrained in the make-up of simple and humble people than in men of high position. A man who was taking bribes when he was a constable does not turn honest when he becomes the chief of Police. The only thing that changes is the size of the bribe. Weakness of character and inability to withstand temptation remain with the man no matter how high he climbs.*

The essence of the above quotation is to give the basic understanding of the fundamental concept of ME and to reflect upon the relationship between ethical values and behaviour. Many people do not even know whether certain of their actions and decisions have ethical implications or not and the consequences thereof. Ethics is an integral and vital aspect of human resource management since most of our actions and decisions have ethical manifestations with consequential ramifications in the domain of human resource.
Ethics is a set of behavioural standards that relates to a set of principles, values, and ideals for human conduct. It is the standard of conduct which indicates how one should behave on moral duties and obligations. Ethics deals with two aspects, one's ability to distinguish right from wrong, good from evil and propriety from impropriety on one hand and commitment to what is good, right and proper. However, for this paper, Solomon (1994) view of ethics is preferred. He defined ethics as:

> *The quest for, and the understanding of, the good life, living well, a life worth living, it is largely a matter of perspective: putting every activity and goal in its place, knowing what is worth doing and what is not worth doing, knowing what is worth wanting and having. It is also, within business itself, keeping in mind what is ultimately important and essential and what is not what serves our overall career goals and what does not, what is part of business and what is forbidden to business, even when increased profit, the most obvious measure of business success, is at stake.*

Ethics therefore considers what ends are worth pursuing and under what conditions it is worth pursuing them. ME is therefore principles that guide the decisions and behaviours of managers with regard to whether they are right or wrong n moral sense. The notion of social responsibility is an extension of this idea. Issues raised by Solomon are exceedingly difficult to resolve and often represent dilemmas. An ethical dilemma arises when each alternative choice or behaviour seems undesirable because of potentially negative ethical consequence. In this case, right, wrong or proper cannot be clearly identified. The choices can only be aided by establishing core ethical values within the organization.

Core ethical values

As stated earlier values are core beliefs, which guide or motivate attitudes and behaviour. They are established ideals of life that members of a society regard as desirable. They are directly related to our beliefs concerning what is right, good and proper. They imposed moral obligations and are concern with our sense of moral duty. This paper recognizes ten (10) core ethical values that govern behaviour and attitudes. These core cultural values are listed below:

- Honesty
- Integrity
- Promise keeping

- Loyalty
- Fairness
- Concern and caring for others
- Respect for others
- Responsible citizenship
- Pursuit of excellence, and
- Accountability.

Managerial attitudes and behaviours therefore must coincide with some of these core ethical values (Karve, 2007) and can be used in making decisions in any organization.

Ethical decision making process

There is always an ethical dimension to every decision. This dimension can be evaluated in terms of its adherence to the core ethical values. Thus, any decision which affect other persons, have ethical implications. Virtually all important decisions reflect sensitivity and commitment to ethics. Ethical decisions in any organization must consider ethical dimensions in respect to superiors, peers, subordinates, and other stakeholders. Different stakeholders therefore have different ethical perspectives.

Ethical decision-making involves the process by which a person evaluates and chooses among alternatives in a manner consistent with his or her core ethical values or principles. Ethical decision-making requires more than a belief in the importance of ethics and requires the following three processes:

- *Ethical commitment:* This is the strong desire to act ethically, to do the right thing, especially when ethics impose financial, social or psychological costs. Regardless of the profession, people believe that they are and should be ethical. They may not be satisfied with the ethical quality of the society but they believe their profession is more ethical than others and they are at least as ethical as those in their profession. Managers are confronted with a continuous stream of situation in which their ethical commitment is constantly tested.
- *Ethical consciousness:* This refers to the failure of managers to perceive the ethical implications of their conduct. This again requires an application of moral convictions to their daily behaviour. People hardly see ethical issues that are likely to trouble others.
- *Ethical competence:* Being ethically conscious and committed to act ethically is not always enough. Managers faced with complex situations must have the competence or ability to evaluate relevant facts know when to stop and how to make prudent decisions based on complete facts. They must be creative and develop alternative means of accomplishing goals in ways which avoid or minimize ethical problems. Lastly, they must have the ability to predict, foresee potential consequences of conduct and assess the likelihood of or risk that a person will be help or harmed by an act.

Cultural Values, CSR and ME: An integration

Nigerian business environment and practices according to Limb and Forth (2000) are shaped by ethnicity, language and religion. Nigerian belief in the communal philosophy of life and concern for the less-privileged, Limb and Forth further assert that in establishing a company for example, the founder represents not only the company, but also the extended family, which could be a whole community sometimes. In this regard, the values, social responsibility and the attitude and behaviours of investors and managers is entrenched in the socio-cultural and socio-economic characteristics.

Nigeria has abundant natural and human resources, and earns significant revenue from oil reserves and abundant farmland and agricultural products. Despite her rich natural resources, Nigeria has a very low per capita income and a life expectancy of 45 years (World Bank, 2006). In Nigeria, human development Index is low (156) (UNDP Human Right Index, 2005), poverty level is high (92.4), while the literacy level is (67%) and a GDP of 72.1 billion US$. The country suffers from poor infrastructural development, bad road network and an under-funded education system. Nigeria has one of the worst health care systems in the world (Doctor Patient ratio of 1:1000). The public sector is very weak and is characterized by corruption. More than two-thirds Nigerians are poor. (NEEDS, 2005).

In the face of this environment, Nigerians continue to seek social justice and environmental protection. It is against this background that cultural values, CSR and ME becomes imperative for companies to contribute to the social well being of the citizenry. An improvement in cultural values may have a significant impact on CSR and ME in organizations in Nigeria.

Theoretical Nexus

This paper draws largely on the following theoretical nexus: utilization theory, the personal theory and the distributive justice theory. The utilitarian theory argues that ethical decisions should be made to generate the greatest benefits for the largest number of people. This framework is consistent with business decisions because costs and benefits can be calculated for example in naira. The personal liberty nexus posits that decisions should be made to ensure the greatest possible freedom of choice and liberty for individuals. Liberties in this case include those of freedom to act on one's conscience, free speech, due process and the right to privacy. The distributive justice theory holds that moral decisions are those that promote equity, fairness and impartiality with respect to the distribution of rewards and the administration of rules, which are essential for social cooperation (Hosmer, 1991).

Methodology

The author of this paper draws largely on the use past research findings and cases to demonstrate the need for cultural values, CSR and ME in organizations in Nigeria. Cultural values, CSR and ME are a product of interactions between the organizational managers and relevant stakeholders through the product produced or service rendered to the society. The paper draws heavily from the works of Hofstede (1980, 2001) Amaeshi et al (2006) European Commission (2011), Aluko et al (2004) and Eligido (2000) for possible findings and solutions. The cumulative effect of this integration is aimed towards addressing the peculiarity of the socio economic development challenges facing organizations in Nigeria in terms of poverty alleviation, health care provision, infrastructure development, education etc as would be informed by socio-cultural influences.

Research findings/cases

Reported research findings by Ogundele (2000) found that organizations reported dishonest partners and employees had negative effects on the performance of their organizations. They exhibit lack of sense of duty, absence from work without permission, embezzlement of funds and other forms of fraudulent practices.

Another study by Abdullahi (2009) found that NAFDAC closed the Onitsha market early in 2007 for massive sales of fake drugs. According to Abdullahi, Onitsha and Kano have become veritable sources of transporting deaths to every home. Furthermore, most oil companies and banks have invested substantial amount of money for CSR. In another related study Amaeshi et al (2006) found out that Zenith Bank Plc has set up Zenith philanthropy, a fully functional department responsible for identifying areas, sectors and causes deserving of philanthropic aid. In a related development, the British American Tobacco (BAT) Nigeria has established a British American Tobacco Foundation, to identify and implement community enhancement programmes across Nigeria. The foundation is working with the International Institute of Tropical Agriculture to provide improved maize seedlings and cassava to farmers for production. Another well documented study in CSR is the case of Shell in the Niger-Delta Region. Apart from polluting rivers, farmlands are destroyed by the company oil activities. In return, Shell has invested in CSR in areas of education, donations, health care and so on. The issue of CSR in the Niger-Delta Region may appear to be endless because of the continued inability for organizations operating in the region to reach a '5-star status' in CSR.

Findings

The paper revealed that:

- Cultural values play a dominant role in organizations in Nigeria and have a relationship between business and its environment, and claimants or participants.
- Ethical standards are fast becoming the part of the formal policies and informal culture of many organizations in Nigeria.
- Management is responsible to make choices and take actions so that the organization contributes to the welfare and interest of society as well as itself.
- CSR is driven by several factors including local needs/pressure, globalization, competition, public relations, regulation and firm's success.
- CSR resources are invested in education, provision of health care systems. Infrastructure development, poverty alleviation, security and sports.
- There are basically ten (10) core ethical decisions: honesty, integrity, promises keeping, loyalty, fairness, concern for and caring for others, respect for others, responsible citizenship, pursuit of excellence and accountability.

- Codes of conduct exist to govern organization members and that ethical traits do accompany a man to the highest rungs of his career.

Conclusion

The development of any socio-economic system and the success of organizations is a product of so many factors. Some of these factors are cultural values, CSR, ME, and so on. Cultural values are influenced by various variables that lead credence to the multidimensional nature of relationships between the organization and a number of claimants or stakeholders who expect social responsibility and ethical behaviour and attitudes from the organization. Again, most CSR programmes are philanthropic in nature and are embarked upon mostly by large multinational organizations like the oil/gas companies and banks. Smaller indigenous organizations seem to be locked out in CSR programmes in Nigeria. As companies embark on social responsibility, managers are expected to be ethical in their actions and decision. They must consider the various stakeholders and treat them as they would want others to treat them.

Recommendations

Based on the preceding, the following policy recommendations are put forward:

- Managers should have a strong will to succeed. Integrity, honesty, trust and openness are essential for the success of managers and members of the organization.
- CSR should be seen beyond the old philanthropy of the past, donating money to good causes at the end of the financial year. It should be an all year-round responsibility that organizations should accept for the environment, and how cumulatively they interact with other stakeholders.
- Organizations should set up fully functional departments responsible for CSR issues. Zenith Bank has established such a department which is responsible for identifying areas, sectors and cases deserving social responsibility. This action is commendable. Other organizations should borrow a leaf from Zenith Bank Plc. Further more, CSR resources should be invested wisely devoid of corruption which is prevalent in our organizations.
- Code of ethics should be developed in organizations to enforce ethical behaviour. The code should clarify the organization's expectation of employee conduct and make it clear that the company expects its employees to recognize the ethical dimensions of corporate behaviour. In addition, the organization should embark on training programmes for the employees.
- Like CSR, an ethic office should be established to provide the employees with a mechanism to voice concerns about ethical practices. Supportive policies and procedures should be put in place about whistle blowing. Whistle blowing is employee disclosure of illegal, immoral, or illegitimate practices on part of the organization. Whistle blowers should also be protected to avoid injustice because of their concern for ethical concerns.

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