Regulating Corporate Social Responsibility in Nigeria: An Evaluation Through the Lens of the Old Institutional Economic Theory

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ABSTRACT

The current corporate social responsibility (CSR) framework in Nigeria, influenced by Anglo-American neoliberal theory, is criticized for not considering local communities' specific needs and prioritizing profits over community well-being. It is argued that the relationship between business and government in developing countries is unique and requires a different approach to CSR. Integrating local informal institutions, such as culture, values, and religion, is proposed to implement CSR practices in Nigeria. This approach, informed by old institutional economic theories, aims to give local institutions a more significant role in establishing effective CSR practices and promoting sustainable development in developing economies like Nigeria.

Keywords: Corporate social responsibility, old institutional economic theory, developing economies, Regulation, Nigeria

Introduction

As more and more multinational businesses commit to engaging responsibly with host communities, corporate social responsibility (CSR) is becoming increasingly important for sustainable community development (Andrews, 2015; Nwoke 2021a).[1] Previous studies have shown that, through effective CSR strategies, corporations can have a positive impact on the communities where they operate (Aaron, 2010; Chan et al., 2014; Idemudia, 2009). To be truly effective in advancing sustainable community development, CSR practices must be tailored to the specific institutional contexts of different regions (Nwoke, 2021a). To understand how CSR can be an effective mechanism for achieving this objective in particular geographical settings, it has been suggested that national institutional

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contexts are primary factors that should be considered (Brammer et al., 2012; Gond et al., 2011).

The impact of institutional contexts on contemporary CSR is increasingly evident (Azizi & Jamali, 2016). However, the significance of local and indigenous informal institutions, such as culture, values, language, family, and religion, in the CSR agenda has been largely overlooked. While Nigerian corporations have received attention for their CSR practices (see, for instance, Amaeshi & Amao, 2009; Idemudia, 2006; Ite, 2004; Nwoke 2021a), the role of local informal institutions in developing and implementing CSR projects in the country has yet to be given much attention. This article aimed to address this gap by using old institutional economic thought to identify relevant local informal institutions that could help establish an effective CSR regime in Nigeria. It advocates for corporations to include cultural, linguistic, philosophical, religious, and family institutions in formulating and implementing CSR practices in Nigeria. This article makes two significant contributions to Nigeria's CSR literature context. First, it incorporates the Old Institutional Economic Theory into the discourse around CSR, revealing the significance of informal institutions (such as cultures, values, philosophies, families, and languages) in constructing a CSR framework tailored to Nigeria. Second, the article identifies corporate codes as a means of integrating or transforming these informal institutions into practical CSR approaches and principles that can be applied in the country.

Given the unrest among host communities due to the negative international impacts of corporate activities, this article is well-timed to improve the effectiveness of contemporary CSR, provide a sense of ownership to the communities, and aid in their sustainable development. The findings of this study can benefit corporations striving to balance the interests of all stakeholders in the area. By incorporating local and indigenous institutions, corporations can ensure responsible and ethical operations that benefit all parties concerned.

This article is organized as follows. The first section of the article briefly discusses contemporary CSR, placing it within the context of the current neoliberal shareholder value ideology. The second section explores the relationship between the Nigerian state and corporations and how the Nigerian state has been promoting this Western-oriented perception of CSR through statutory and judicial pronouncements. In the third section, the article critically evaluates the concept of institutions and old institutional economics—institutions shape social behavior and interactions

(North, 1990), while old institutional economics explores the influence of institutions on economic behavior (Rutherford, 2001). The article argues that by understanding the role of institutions, a better understanding of the performance of corporations, markets, and economies in various spheres can be gained. The fourth section focuses on identifying relevant local informal institutions and how the transformation of local informal institutions into concrete CSR arrangements can enhance the effectiveness of CSR in Nigeria. The article contends that integrating these institutions into CSR policies can lead to the sustainable development of host communities in Nigeria.

Contemporary CSR and the Prevailing Neoliberal Shareholder Value Ideology

There is no consensus on the precise definition of CSR. However, it is about corporations taking responsibility for the impact of their actions on society (European Commission, 2011). The modern interpretation of CSR is mainly rooted in neoliberal capitalism's shareholder value ideology (Nwoke et al., 2018), which prioritizes shareholder interests and values above all else (Ireland & Pillay, 2009). This often fails to challenge the view that the goal of business is to maximize shareholder value (Ireland & Pillay, 2009). The focus on maximizing shareholder returns restricts business goals to purely financial interests. This viewpoint does not regard CSR as a fundamental value; rather, it sees CSR as merely a means to boost shareholder profits.

Neoliberal capitalism operates on the principle of competition, which can focus on extracting more value from both labor and the environment at the lowest possible cost—for instance, establishing monopolies (Woods, 2009). Entrepreneurs must reinvest their excess profits to accumulate profits continuously, and failure to expand and defend market share can result in being driven out of business (Harvey, 2010). The necessity to reinvest and remain in business drives the investor to expand and creates a perpetual need to explore new areas where "surplus capital" can be re-invested. This leads to the "capital surplus absorption" question: what new areas can we invest in to continue profit accumulation? To circumvent obstacles that inhibit re-investment and prevent the overaccumulation crisis, capitalists must maximize profits for re-investment in new fields (Harvey, 2010). This requires embracing manipulative tactics, which is a fundamental and indispensable characteristic of the logic of capitalism.

These tactics are essential due to what Boltanski and Chiapello (2007, p. 4) describe as the "motivating spirit of capitalism." This spirit encourages individuals to seek opportunities to transform social arrangements into profit-generating ventures or to undermine those arrangements if such transformations are not feasible. Essentially, capitalist actors become socialized in a culture where intentionally circumventing social rules is considered an acceptable and even prestigious behavior (Streeck, 2009). It is not just about materialism or greed; it is a logical outcome of a system based on market principles that place a premium on wealth (Woods, 2009). Tax avoidance by companies such as Google, Apple, Microsoft, and Amazon, along with ongoing issues of creative accounting among many large corporations, illustrates this phenomenon (Nwoke, 2017).

It may seem counterintuitive, but with this underlying philosophy, acts ordinarily supposed to be moral obligations—like CSR—are viewed as immoral (Bakan, 2005). This view of CSR is strategic. It reduces lofty ideals to hypocritical window dressing, but Friedman believes this hypocrisy is acceptable, even "virtuous" if it serves the bottom line. On the other hand, moral virtue is not good if it does not contribute to the bottom line (Bakan, 2005).

In today's corporate culture, CSR is often only taken seriously if it benefits shareholders. The thinking is that CSR is used solely as a public relations tool or marketing strategy to boost profits. As a result, corporate leaders may not be motivated to act with social responsibility; it is exploited as a "cloak" for legitimate business purposes (Grossman, 2005). This way of thinking means socially responsible behavior may be insincere and hypocritical (Batson et al., 2006). For these corporations, their primary goal is to promote the interest of their shareowners, rather than prioritizing social and environmental responsibilities. As Danny Schechter points out, this is simply the logic of business that influences corporations (Bakan, 2005). To maximize profits and satisfy their shareholders, corporations will emphasize some values. The value given the most emphasis is the one that supports the gain of shareowners (Bakan, 2005). Cour and Kromann (2011) suggest that in today's culture of corporate greed and moral indifference, being socially responsible only helps corporations do well for themselves. Unfortunately, the mounting pressure on corporate managers to maximize profits has led to reckless and fraudulent acts that can destroy generations. This is evidenced by numerous oil spills, pollutions, gas flaring, acid rains and the abandonment of social responsibility projects after they started (Nwoke, 2021b).

Despite having significant corporate resources, the communities where these corporations operate continue to struggle with poverty, decay, and frequent crises (Ojo, 2012). Studies (Dinkpa, 2016; Nwoke, 2021b; Ojo, 2012) reveal flaws intrinsic to the capitalist mode of regulation, as companies ignore local institutions and fail to invent practical measures to contribute to the communities' development.

At the same time, corporations adopt social responsibility codes and proclaim their beliefs in the principles of good governance, creating a sense of corporate, moral, or organizational hypocrisy (Cour & Kromann, 2011). According to Wagner et al. (2009), corporate hypocrisy occurs when a corporation claims to be what it knows it is not and attempts to make people believe this fake version. This hypocrisy is what defines the relationship between contemporary CSR and neoliberal (capitalist) shareholder value. It has led to the ineffectiveness of corporations' business responsibility engagements in developing countries like Nigeria. Of course, modern corporations can also do all this harm because there is either a lack of regulation prohibiting such conduct, or they can evade existing rules due to a lack of enforcement or other tactics.

The Nigerian State and the Regulation of Corporations

The extraction of minerals in Africa has had a detrimental impact on the government's ability to govern, as key elements of its responsibilities have been outsourced to private entities (Ferguson, 2005; Rexler, 2010). The introduction of neoliberal economic policies since the late 1970s has worsened the situation. Before this shift, the Nigerian government actively participated in business activities and followed the developmental models proposed by Keynesian economics (Aborishade, 2010; Amuwo, 2008; Chang, 2010; Dean, 1999). Keynesianism is an economic theory emphasizing the importance of aggregate demand in driving an economy. It argued that free markets do not naturally lead to full employment and advocated for government intervention through public policies to achieve full employment and price stability (Jahan et al., 2014). However, neoliberalism views government involvement in the economy as a hindrance to growth and instead emphasizes individual and corporate responsibility (Brodie, 2007). This has resulted in contrived modes of governance that prioritize the market and private agencies over all else (Nwoke, 2021b).

As part of their economic and social development strategies, succeeding Nigerian governments between 1982 and 2023 have advocated (and continue to advocate) for self-regulation among corporations, rather than legal regulation. In pressing the case for voluntary self-regulation by corporations, the Nigerian state merely relies on "soft law" or non-legal instruments (like corporate codes of conduct) which either lack binding force or whose binding force is noticeably weaker than "hard law." However, the government is willing to create and enforce legal instruments to protect corporate and institutional investors—evidenced for instance in the various bilateral/multilateral trade and investment agreements ratified by the country and the provisions of the Nigerian Companies and Allied Matters Act (CAMA) 2020.[2]

The legal system in Nigeria has undergone significant changes in the last 20 years, with the increased operation of legal instruments and institutionalized corporate governance standards. These changes have led to the emergence of a complex national legal framework that aims to promote and protect corporate investors, particularly those from foreign countries. According to Dean—a professor of political and historical sociology—these changes have become tools used by the government to serve the interests of corporate shareholders (Dean, 1999)—a good example is the CAMA 2020 (discussed in more detail below) which protects corporate investors and shareholders but not any other interests (Nwoke, 2017). Apart from CAMA 2020, the Nigeria government shifted from state ownership of enterprises to privatization starting in 1988 with the introduction of the Privatization and Commercialization Decree, which aimed to privatize 111 public enterprises. By 1993, most were privatized, and the Bureau for Public Enterprises was established to manage this process. The National Health Insurance Scheme Act of 1999 facilitated the privatization of health services, limiting access for low-income individuals and contributing to poor health outcomes (Gyuse et al., 2018). The 2004 Pension Reform Act introduced a contributory system prioritizing individual responsibility over collective welfare (Nwoke, 2021a) and other laws reinforcing neoliberal policies.

The shift has resulted in significant changes in the socio-legal relations between the Nigerian state and corporations, with corporations becoming a major center in allocating societal resources. The Nigerian government has granted corporations the power to undertake fundamental transformations that increase their corporate profits and drive the socioeconomic structures of the country. As a result, corporations in the country have been able to construct opportunities for economic gains, further strengthening their powers and enriching shareholders' profits (Zawada, 2010).

It has been argued that Nigeria's ability to regulate corporations has been weakened by its membership in international organizations like the World Trade Organization (WTO) and its ratification of trade and investment treaties with developed countries.[3] This has led to the Nigerian state becoming increasingly reliant on foreign investment funds to stimulate its domestic economy, which has resulted in the country becoming locked into a rule of investment law that gives foreign investors, including multinational corporations (MNCs), immunity from legislative and administrative actions that would typically affect their investment interests. As a result, the ideologies of neoliberalism and shareholder value have become the dominant forces shaping economic policy, both internationally and in Nigeria (Ireland & Pillay, 2009; Nwoke 2021a, 2021b). While CSR and other social interests remain important, the prevailing orthodoxy prioritizes the interests of the wealthy and powerful, leading to an unequal distribution of wealth in the country (Ireland, 2005).

This unequal wealth redistribution has further widened the gap between the rich and poor, resulting in new forms of exclusion and inequality (Ekanade, 2014). Additionally, these policies have led to new challenges, including unemployment at 33.3% in 2020 (Lain & Pape, 2023). According to the World Bank, the poverty rate in Nigeria has increased to 46% in 2023, representing 104 million poor Nigerians. The number of poor people in urban areas—more exposed to inflation—increased from 13 million to 20 million (The World Bank, 2023). Since the start of the Obasanjo regime in 1999, the government's reform agenda has resulted in the loss of approximately 4.8 million jobs for Nigerians employed in the civil service, statutory corporations, state-owned companies, banks, and insurance companies (Ekanade, 2014). The downsizing of the public sector has had a devastating impact on various sectors of the economy, resulting in a chain of negative consequences (Gatwiri et al., 2020). Most notably, the decline in consumer demand, occasioned by the loss of jobs, has triggered a ripple effect across the economy, reducing the propensity to produce and resulting in a decreased gross domestic product (GDP) growth rate.

Protecting the Supremacy of Shareholder Value Through "Hard Laws" in Nigeria

Nigeria has introduced legal measures, such as the CAMA, 2020), to protect corporate and institutional investors. Under section 46 (1), this Act treats a corporation's constitution, memorandum, and articles of association as a binding contract between the corporation, its shareholders, and its management. This means that the corporation is not legally obligated to protect the interests of stakeholders other than those mentioned in the contract. Therefore, employees can be terminated at will after giving the required notice (Amaeshi et al., 2006).

Section 87 of the Act outlines how a corporation can act, including through its members during general meetings or its board of directors, as well as through officers or agents appointed by or under the authority of the members in general meetings or the board of directors. Under Section 87(4), the board of directors is required to follow the directions or instructions of the members in general meetings when they act within the powers given to them by the Act or the articles of association. In addition, Section 305(3) of the Act states that a director must always act in the company's best interests to protect its assets, further its business, and promote the purposes for which it was formed. A director must also act as a faithful, diligent, careful, and ordinarily skillful director would act in the circumstances. Furthermore, according to section 105 of CAMA, only shareholders are considered members of the corporation, and their interests are the most important. Shareholders must choose directors who will act in their best interests and ensure the successful realization of their investments.

The Nigerian courts have made it clear that protecting shareholder value is essential. The judiciary has played a crucial role in promoting neoliberalism, reducing government involvement, and prioritizing shareholder value. The law on shareholding and the relationship between shareholders and other interests was discussed in *Yalaju-Amaye v AREC Ltd*, (SC 198/1986 (Judgment delivered June 29, 1990). where the court affirmed the supremacy of shareholder value. Shareholders have the legal authority to bring actions against acts done to the corporation, and they can use a derivative action to sue for wrongs done to the corporation. The individual's interests as a shareholder and as a Managing Director should be separated, and shares acquired during their time as a Managing Director are not relevant to their ability to bring actions on behalf of the corporation. In *Kotoye v Saraki* (1994) 7 NWLR (pt. 357) *414*) the Nigerian Supreme Court ruled that directors must act in the best interests of shareholders who retain the right to dispose of their ownership. *Ansambe v Bon* (2005) 8 NWLR (pt. 928) 650) reinforced the priority of shareholder interests in corporate activities. Nigeria has taken steps to safeguard the rights of corporate and institutional investors.

From the foregoing, the contention is that through a combination of statutory and judicial pronouncements, the Nigerian state has taken significant steps to safeguard the rights of corporate and institutional investors.

Conceptualizing Institutions and Old Institutional Economics

This section engages with the article's initial contribution to knowledge by incorporating the Old Institutional Economic Theory into the discussion of CSR. The objective is to leverage this theory to pinpoint relevant informal institutions (including culture, values, language, family, etc.) and showcase their relevance in creating a CSR framework in Nigeria, which will be highlighted in the next section.

Institutions are fundamental structures significantly influencing individual and collective behavior, shaping societal norms, values, and interactions. They can be understood as a set of established rules, regulations, and standards that govern the way people engage with one another in various contexts (North, 1990). These institutions serve as frameworks that outline acceptable behaviors and expectations, establishing boundaries within which social interactions occur. According to North (1990), these boundaries are not merely arbitrary; humans construct them and they reflect the collective understanding of how relationships should function. Consequently, institutions play a pivotal role in guiding behavior, promoting cooperation, and providing societal stability. Through their influence, they help individuals navigate complex social environments, fostering a sense of order and predictability in human interactions.

Institutions can be understood as the shared expectations, accepted norms, and established routines that guide interactions within a society, allowing people to create what are known as institutional facts (Chang & Evans, 2000). They shape how individuals interact with one another and encompass both long-standing mental models passed down through generations and habits developed locally (North, 1995). Institutions play a crucial role in regulating many aspects of life, including socioeconomic, political, cultural, legal, and natural resource issues (Genet, 2022). These institutions reflect a set of locally developed habits and practices that can effectively address the collective action challenges that groups face in their specific situations (Genet, 2022). They are often referred to by various names such as "local or indigenous institutions," "informal institutions," "customary institutions," or "traditional institutions" (Genet, 2022). These widely accepted rules, procedures, and practices create a framework for social interactions and form the core of social life. They encompass inter-organizational and intra-organizational transactions and legal, regulatory, cultural, social, and cognitive processes (Herath, 2005). Recognizing that implicit or inherent rules guide individual relationships and actions is essential, highlighting the increasing acknowledgment of institutions' role in shaping social life (Hodgson, 2006). As Hodgson (2006)—a key figure in modern critical institutionalism who promotes the legacy of institutional economics founders, especially Thorstein Veblen—opines, institutions are systems of established social rules that shape how people interact with one another. Common examples of institutions include language, family structures, religions, money, laws, measurement systems, social etiquette (like table manners), and various organizations like businesses (Hodgson, 2006).

Institutions are fundamental to how human activities are organized. Douglas North (1990) emphasized that institutions help reduce uncertainty by creating structured frameworks for daily life. In economic terms, these institutions set rules and limits that shape individuals' choices. They can prohibit specific actions or establish conditions that individuals must meet to participate in activities. Dequech (2002) identified three main ways that institutions impact economic behavior. First, there is the restrictive function, which refers to the limitations placed on individuals by institutions. Second, the cognitive function involves the information institutions provide (the informational-cognitive function) and how they shape individuals' perceptions of reality (the deeper cognitive function). Lastly, the motivational or teleological function relates to how institutions influence the goals that individuals strive for. By understanding these different aspects of institutions, we can better analyses and understand the challenges and performance of businesses, markets, and economies in various contexts.

Having conceptualized institutions and their role in individual behavior, the article will now focus on the old institutional economic theory and why understanding institutions is important to CSR.

Understanding Old Institutional Economics

Institutional economics is a system that studies how institutional rules impact the economy (Kumar, 2023). It is a field that interrogates the formation of knowledge and the distribution of power in society and focuses on finding ways to make transactions less risky and more predictable, which is crucial for the stability and growth of any economy (Kumar, 2023). It is an important area of study that helps in understanding how economic systems work, how they can be improved, how markets operate within institutional complexes, and how they interact with other institutional complexes (Samuels, 1995). The real determination of whatever allocation occurs in any society is the organizational structure of that society—in short, its institutions. As such, markets are shaped by and reflect the institutions that create them. It is, therefore, essential to understand the role of institutions in shaping economic behavior in society.

There are two major schools of institutional economics. One is the traditional institutional economic movement, which is now referred to as the "old" institutional economics. The other is a relatively new school of thought, often called the "new" institutional economics, that has emerged in the US and Europe. The new institutional economics is heavily influenced by neoclassicism, with a focus on rationality, maximization, and market orientation. They also prioritize finding optimal solutions to various problems, though their approach may not necessarily be formalized (Samuels, 1995). However, since this article is primarily concerned with the old institutional economics, it will not discuss the new institutional economics any further than what has been mentioned so far.

The study of old institutional economics is centered around understanding the evolutionary path and the role of institutions in shaping economic behavior (Rutherford, 2001). Exponents of old institutional economists, including Thorsten Veblen, John Commons, and Wesley Mitchell, believed in a deeper examination of institutions and saw markets as a product of their multifaceted interactions with various entities such as individuals, firms, states, and social norms. Specifically, Veblen's work emphasized the cumulative and path-dependent nature of institutional change, the role of new technologies in engineering economic change and the largely pecuniary nature of existing institutions in America at the time (Rutherford, 2001). Institutions, according to Veblen, were more than just constraints on individual actions but also embodied commonly accepted ways of thinking and behaving. As a result, institutions have the power to shape the values and preferences of individuals subject to their authority. This framework allowed Veblen to analyze topics such as conspicuous consumption, the impact of corporate finance on the ownership and control of corporations, and business and financial strategies for profit-making (Rutherford, 2001).

He considered the "invisible hand" of the market to be inadequate as the ultimate solution to all economic problems and believed that while this theory might have worked for small-scale manufacturing, it was not appropriate for large-scale production, corporate finance, and salesmanship (Rutherford, 2001). He argued that the "invisible hand" led to consequences such as monopoly restrictions, business cycles, unemployment, and competitive advertising resulting in waste. Furthermore, he criticized the manipulative, restrictive, and unproductive tactics used by businesses to generate income such as consolidation, control via holding companies, financial manipulations, insider dealings, unscrupulous salesmanship, and interlocking directorates. Instead, he proposed a much more reformist position that involved supplementing the market with other forms of "social control" or making production for profit turn out a larger supply of useful goods under conditions more conducive to welfare (Rutherford, 2001).

Old institutional economics focuses on specific economic institutions or types of the economy. The old institutional economist believes that habits and institutions play a crucial role in connecting the specific and the general (Hodgson, 1998). This is different from the approach of neoclassical economists, who start with the universal premise of rational choice and then move on to theories of price, economic welfare, and other concepts. By examining the importance of institutions and their role in shaping economic processes, the old institutional economist offers a unique perspective on how to understand the economy. According to Hodgson (1998), an old institutional economist will focus on specific groups of common habits that are embedded in and reinforced by social institutions. This approach allows for a move from the abstract to the concrete, rather than relying solely on theoretical models of rational individuals. Institutionalism considers psychological, anthropological, sociological, and other research on human behavior to better understand how people behave in different contexts (Hodgson, 1998).

The old institutional economists did not believe in the notion of the individual as "utility maximizing." They believed that individuals are influenced by their institutional and cultural circumstances, and as a result, they do not readily invent institutions. Instead, institutions influence individuals in many essential aspects through "re-constitutive downward causation" (Dequech, 2002). Anne Mayhew (2002), a prominent figure in institutional economics, emphasizes seeing people as cultural animals. This perspective allows for a better understanding of economic behavior, as individuals are seen as uneasy subjects. In economic accumulation, all facets of behavior are connected and non-univocal. Transactions suggest more than just efficiency; they also integrate a "stable social order" which depicts a type of "higher order efficiency" (Groenewegen, 1995). When it comes to transactions, it is important to ensure that they are conducted in a fair and trustworthy manner. Property and freedom are integrated into rights and are protected by the law. While most transactions are routine and do not require judicial debate, strategic transactions that introduce limiting factors can create conflicts and lead to the emergence of new working rules. These new rules can eventually become habits over time, which is why strategic transactions are so important for institutional change. They operate beyond the scope of an individual or a single corporation and can have a wide-ranging impact on the industry (Groenewegen, 1995).

The old institutional economics movement began to decline in the 1930s and lost much of its influence by the end of World War II (Rutherford, 2001). Several factors contributed to the decline of old institutionalism. First, it needed to clearly define its relationship with other disciplines, especially modern psychology. Although it emphasized the significance of habits and institutions in shaping behavior, its approach was deemed too narrow and inadequate for establishing a robust economic foundation (Rutherford, 2001). Second, old institutionalism struggled to advance theories related to social norms, technological change, and business enterprises beyond the groundwork laid by scholars like Veblen and Commons. This stagnation is attributed to the movement's weak psychological foundations and a focus on immediate policy issues between the two World Wars (Rutherford, 2001). Thirdly, mainstream economics has seen significant theoretical advancements since the 1930s, with Keynesianism emerging as a key solution to business cycle problems. Finally, from the 1940s onwards, mainstream economics incorporated a robust empirical component, diminishing old institutionalism's scientific credibility (Rutherford, 2001). However, there has been a recent resurgence of interest in this theory, thanks in part to writers like Geoffrey Hodgson and Ha-Joon Chang. These revivalists are focused on understanding the process of institutional change, rather than just the impact of existing institutions on economic behavior (Rutherford, 2001).

Why is the old institutional economics helpful in understanding and formulating an effective CSR framework? This is because corporate power and responsibility are matters of public concern (Parkinson, 199), and the limited liability of the privately owned corporation has re-emerged as the collective liability of society (Brammer et al., 2012). Accordingly, corporations have a decisive impact on outcomes of employment, consumption, environmental quality, social inequality, and a host of other issues. Rather than seeing CSR purely as a realm of voluntary action, old institutional theory places CSR explicitly within a wider field of economic governance characterized by different modes, including the market, state regulation, and beyond. While CSR measures are often aimed at or utilize markets as a tool (e.g., fair trade, eco-branding, among others), institutional theories of the economy also see markets themselves as being socially embedded within a wider field of social networks, business associations, and political rules. Many of the most interesting developments in contemporary CSR play themselves out in a social space of private, but collective forms of self-regulation (Brammer et al., 2012).

Applying the lens of the old institutional economic theory to the study of CSR is important because CSR—in its original form—can hardly be explained without an understanding of the institutional conditions under which this idea was conceived (Carrol, 2008). Similarly, an understanding of the social responsibility of business in different regions and countries is contingent on the institutional framework of business (Deakin & Whittaker, 2007; Doh & Guay, 2006). This pertains not only to formal institutions, such as laws, business associations, civil society groups, or trade unions but far more importantly, to informal institutions such as religious norms, customary practices, or tribal traditions (Brammer et al., 2012). Accordingly, how CSR can be interpreted as it travels around the world, how it is influenced by the national institutional frameworks in which it is embedded and the effects of transnational developments on national patterns of economic development are important factors that should be considered (Temple & Walgenbach, 2007).

Embedding the Old Institutional Economics Ideology in the Nigerian CSR Framework

In this section, the article will discuss its second original contribution. This contribution involves the identification of various local informal institutions that are relevant to Nigeria's context. Furthermore, the article explores how these institutions can be transformed into tangible and concrete CSR approaches. In doing so, the article emphasizes the significance of aligning CSR practices with the local context. This alignment can lead to more effective and sustainable outcomes in terms of social and environmental impact.

Corporations in Nigeria attempt to take on social responsibility projects (Eweje, 2006, 2007; Idemudia, 2009; Ite, 2007; Nwoke, 2021a), but their efforts may not fully address the unique challenges their local communities face (Nwoke, 2021a; Ogula, 2012; Ojo, 2012). Many of these corporations are adopting the Anglo-American approach to CSR (Ireland & Pillay, 2009), which does not account for local customs and interpretations. The fixation on Anglo-American values like shareholder value maximization has hindered corporations' social responsibility activities from contributing significantly to the area's development. It is unrealistic to apply the delimitation of government-business responsibility from a developed country's context (neoliberal Western CSR) to the analysis of the business responsibility-development relationship in a developing country like Nigeria. Many publicly quoted corporations in Nigeria have their origins in developed countries and look up to their home countries for best practices, including corporate responsibility issues (Amaeshi et al., 2006). This creates social arrangements that avoid the social problems surrounding them (i.e., the corporations) and the state regulating them (Rexler, 2010).

Many corporations in Nigeria fail to meet their CSRs despite the theory of CSR suggesting otherwise (Idemudia, 2007; Ojo, 2012). The perception of host communities is that many of the CSR practices in their communities are just public relations stunts to cover up their harmful impacts on the Nigerian ecosystem while focusing on maximizing profits (Ite, 2004). Studies (Aaron, 2010; Dinkpa, 2016; Nwoke, 2021a; Ogula, 2012), reveal flaws intrinsic to the CSR projects of corporations in the Niger Delta. By concentrating on Western neoliberal CSR and ignoring local institutions, corporations fail to invent practical measures for effective CSR projects. Current CSR practices fail to fulfill negative injunction duties,[4] and infrastructure development efforts are not well-considered (Evuleocha, 2005; Ukpongson & Onu, 2004).

To address this issue, a redesign of corporate law architecture and CSR practices is necessary to address the issues faced by modern corporations.[5] However, proposed changes would require challenging powerful vested interests in the financial and legal sectors and re-examining conventional shareholder thinking.[6] The article suggests that a short-term solution is to enhance CSR practices in Nigeria, which should be anchored on a cultural framework that confers popular legitimacy in the system (Christensen & Murphy, 2004). It also emphasizes the need for a "home-grown" CSR system that considers the cultural and institutional peculiarities of the country[7] (Thyrill & Young, 2010). The main aim is for corporations to be seen as integral parts of the community, deal with community matters urgently, and consider community concerns in their decision-making processes (Jenkins, 2004).

The inference to be drawn from the section on old institutional economics and its emphasis on institutions is that local informal institutions should play a vital role in the formation and implementation of CSR practices in developing economies such as Nigeria. Local informal institutions serve as a binding force for the community and act as networks that strengthen social solidarity, create unity, and reinforce collective identity. As was pointed out earlier, local/indigenous institutions consist of "the humanly devised rules that constrain or enable individual and collective behavior" and the formal and informal rules, norms, and values, which have the power to shape individual and collective behavior in a way that promotes social solidarity and reinforces collective identity (Beall & Nduduzi, 2009; North, 1990). To create CSR policies that are effective and transformative, it is important to consider the cultures, languages, philosophies, values, and habits of the host communities. By assigning greater roles to indigenous institutions, CSR practices in the country will be seen as more legitimate and respectable, ultimately becoming transformational and effective in the process. The recognition of local institutions is thus a crucial step in the formulation of CSR practices that are both sustainable and socially responsible.

In traditional Nigerian societies, honesty, integrity, equity, uprightness, and a strong sense of community and communal moral values are highly regarded (Oraegbunam, 2009).[8] These institutional values reflect the unique usages and practices of the different communities and are considered the "*volksgeist*" of the people. For the Igbos in Southeastern Nigeria, the institutional philosophies of "*Onye aghana nwanne ya*" (do not leave your brother behind) and *"Egbe bere ugo bere nke si ibe ya ebela nku kwapu ya" (let the kite perch and let the eagle perch also, whichever denies the other its perching rights, let the wings break)* embody these principles. In the Southwestern part of Nigeria (Yoruba), the "*Omoluabi*" traditional institution represents this philosophy best. It emphasizes the importance of hard work, respect for the rights of others, and giving back to the community through actions (Olanipekun, 2017). It describes a person who espouses absolute goodness and humanity, lives in harmony, and peaceful coexistence, and consideration for the needs of others. This socio-legal philosophy recognizes the value of corporate-community life in matters of the common good, where those who are capable help the needy (Olanipekun, 2017; Oraegbunam, 2009). Society is best served when there is equal opportunity, metaphysical equality of all persons, and fairness within the context of a community (Olanipekun, 2017; Oraegbunam, 2009). The indigenous value of *onye aghana nwanne ya* emphasizes accountability and retributive justice to those who oppose the community goal or trample on others' rights. This philosophy embodies compassion, reciprocity, dignity, harmony, and humanity, promoting communication and reconciliation in the interest of societal tolerance and harmony. It embeds a culture of justice in society, relied upon by all individuals and corporations, regardless of their status, to maintain a fair and just community (Asigbo & Ogbonna, 2017).

One notable fact about the institution of *onye aghana nwanne ya* is that it goes beyond the individual and speaks volumes about the individual's family and the society to which the person belongs. Nigerian communities believe that each person is a representative of himself or herself as well as his/her family and community (Bewaji, 2004). For Olanipekun (2017; 220), the point here is that "by implication, an individual has to consider not only how a course of action contemplated by him will affect him personally, but also how it will affect his family directly or indirectly and the community at large." This cultural imperative influences and shapes most Nigerian values, and should also influence and shape corporate values, principles of corporate governance, and CSR. Integrating this philosophy into contemporary CSR in Nigeria will promote the principles of natural justice and uprightness. This will ensure that corporations in the country know what is right and wrong (about corporate activities) and will refrain from acts that are perceived to be self-serving, as well as those that can harm the communities and their environment. This new form of CSR will demonstrate a significant inclination toward developing and embedding a practical business responsibility approach that reflects and absorbs Nigerian society's cultural and traditional values.

At the heart of sustainable development lies the recognition of the family's importance (The House Project, 2023). The family institution here is the extended family institution (*Umunna*[9]) existing in many Nigerian societies. Within the *Umunna* institution, values, traditions, and a sense of responsibility are instilled (The House Project, 2023). The family unit nurtures individuals, fosters personal growth, and shapes their attitudes and behaviors. It serves as the primary socialization agent, where individuals learn essential values, norms, and behaviors contributing to social cohesion. Families create a foundation for strong interpersonal relationships and community bonds through shared experiences, mutual support, and a sense of belonging (The House Project, 2023).

Within the Nigerian family, individuals develop a sense of identity, empathy, and respect for others. These qualities are essential for promoting understanding, cooperation, and inclusivity within the broader community. By fostering positive attitudes and behaviors toward diversity, families act as catalysts for collective action and significantly impact when they come together to address challenges or pursue common goals (Children's Bureau, 2017). They can do so much good in their communities, advocating for social justice, participating in initiatives, and collaborating with other families to bring about positive change. The impact of their efforts extends far beyond their family unit. When families prioritize the well-being of their communities, they inspire and motivate others to get involved and work toward common goals. As a result, families contribute to building a more inclusive, equitable, and resilient society. They foster a sense of unity, shared responsibility, and active citizenship that can help address social issues, bridge divides, and create opportunities for collaboration and growth (Children's Bureau, 2017). For example, in the Niger Delta region of Nigeria, the family system, often referred to as "the house or ware system," is a critical element of the traditional political structure (Ogula, 2012). This social framework is defined by strong kinship and communal ties, essential for local decision-making and governance. CSR projects achieve tremendous success when adopting a family-oriented approach.

Essentially, people's status in society is often determined by their family background and cultural identity, rather than their achievements. This ascriptive approach to social hierarchy is deeply ingrained in Nigerian culture, as families prioritize collectivism and communal goals over individualism. As a result, working within a group is highly valued in Nigerian society, and many individuals prioritize their family and community over their aspirations (Helg, 2007). This practice has been described as Nigeria's form of social security (Amaeshi et al., 2006) and can sometimes result in clashes between a family's emphasis on valuing people and seeing them as part of a community, and the Western CSR perspective that views people primarily to achieve organizational goals (Jackson, 2004). Therefore, this article argues that recognizing the role of the family and integrating the core family values such as sharing, consensus, and harmony with nature into CSR policies will contribute to strengthening the relationship between communities and corporations and contribute to a more sustainable and responsible future for all stakeholders (Helg, 2007). The eldest person in every kindred (who may be a male or female), as a representative of the kindred should be consulted and be a part of deliberations when a decision affecting the kindred is to be made.[10] This will further strengthen the CSR practices of corporations in the area.

In addition, the article advocates for the consideration and integration of religious institutions in the formulation/implementation of CSR practices. Religion is a complex and multifaceted system of social unity encompassing a range of beliefs, attitudes, and practices. At its core, religion is a set of ideas and values that are seen as sacred and divine, and that provide a framework for understanding the world and people's place in it (Ekpendu et al., 2016). Religious beliefs are deeply ingrained in the culture and shape aspects of daily life, from social events to workplace meetings. Whether through belief in a deity, a system of thought, or a set of moral codes and practices, religion has played a central role in human culture and society for thousands of years (Ekpendu et al., 2016). While it may take on different forms and expressions in various cultures and contexts, religion remains a powerful force for social cohesion, moral guidance, and spiritual growth (Ekpendu et al., 2016). People are provided with social solidarity and strong feelings of belonging (Phau & Kea, 2007). Religious teachings often provide guidelines for how individuals should behave to establish a shared identity and promote social order (Light et al., 1989). They may also impose sanctions for undesirable conduct while offering rewards for those who follow the prescribed norms and practices. Essentially, religion teaches that humans have specific obligations to themselves, to their fellow human beings, to the society to which they belong, and above all, to their maker. This is social justice in action (Aremu, 2003).

In Nigeria, religious beliefs and practices influence and determine behaviors and interactions. According to a 2017 survey, most respondents identified as either Christian, Muslim, or traditionalist with very few identifying as having no religious beliefs (Pew Research Centre, 2018). Accordingly, many of the respondents who were active members of religious groups equally held leadership positions within their communities (Howard, 2020). Religious organizations also play a crucial role in the country, providing valuable social services, financial support, and opportunities for social mobility to their members—like the role of CSR (Hoffman & Patel, 2021). Many religious institutions are involved in economic ventures, including owning farm settlements in rural and urban areas. They have also constructed healthcare centers and maternity homes in different regions and are actively involved in protecting the environment (Agha, 2003). This includes safeguarding animals and fish, caring for water supplies, and tree planting to prevent erosion. They also provide educational programs on the effects of deforestation and bush burning. Moreover, religious groups are engaged in small-scale enterprises such as soap making, cream making, shoe making, tailoring, carpentry, and fishpond factories. They encourage charitable organizations to help the less privileged and alleviate poverty (Agha, 2003). It is believed that involving all religious institutions (and not only the most dominant groups) in the development and execution of CSR projects can help foster a sense of community and belonging. Many of these institutions already provide social services, financial assistance, and opportunities for social advancement to their followers, aligning with the goals of CSR initiatives. This collaborative approach can contribute to building strong relationships between stakeholders and promote harmony in the community.

This article suggests that some of the CSR policies of corporations in Nigeria could be produced and disseminated in the language of the host communities. Language plays a crucial role in any culture. It is the primary means of communication that allows people to connect, forge relationships, and create a sense of belonging (Esseily et al., 2016). Through language, it is possible to learn about a person's background, social status, gender, and ethnicity. Language is a powerful tool in shaping early social preferences, as it is often a marker for affiliation and social interaction and serves as a means for cultural and social learning (Esseily et al., 2016). Thus, it is important to recognize the value of language in shaping early experiences and preferences. By embracing language as a means of connection and communication, actors can create a more inclusive and vibrant society. For corporations, producing CSR policies in local languages can foster a deeper connection with the host community, allowing for greater cultural exchange and understanding.

In addition to language, corporations can also incorporate storytelling into their CSR practices. In rural communities in Nigeria, storytelling remains an integral aspect of how knowledge and wisdom are taught and passed down from generation to generation. It is a powerful process of learning that conveys significance and context and encourages bonding among members of the community (Chitty, 2014). By integrating storytelling into their CSR practices, corporations can express how they are making a difference through CSR and what they are doing to carry the host communities along. This would not only foster a deeper connection with the community but also provide a platform for greater cultural exchange and understanding (Chitty, 2014). Overall, embracing language and storytelling can help corporations create a more meaningful and impactful CSR strategy.

Transforming the Principles of Local Informal Institutions into a Concrete CSR Arrangement

In the following subsection, a novel and innovative proposal is presented for taking the local informal institutions, which have already been identified, and converting them into a concrete CSR arrangement. The proposal outlines an actionable step to convert these informal institutions into structured CSR initiatives that can be successfully implemented.

To transform the principles of local informal institutions analyzed above into concrete CSR approaches in Nigeria, it is suggested that the institutions be explicitly written into the corporate codes of conduct/ethics of corporations operating in the country. Corporate codes of conduct/ethics have become a common feature in the contemporary business community (Amaeshi & Amao, 2009), with about 95% of Fortune US 100 and Fortune Global 100 corporations having a code of ethics (Sharbatoghlie et al., 2013). These codes are written statements that detail the obligations of one or more classes of corporate employees (Pitt & Grsokaufmanis, 1990) and represent a tool through which corporations engage in discourse about themselves (Bethoux et al., 2007). They are voluntarily written declarations of corporations' commitment to addressing the social and environmental conditions of their activities (Bethoux et al., 2007). Corporate codes of conduct/ethics guide the behavior of managers and employees and are part of corporate strategic planning (Kaptein, 2011). They demonstrate a corporation's willingness to take responsibility and introduce ethics and morality into business management.

Although codes are not legally enforceable, they have a regulatory effect on corporations by setting a benchmark for appropriate behavior. This leads to a positive influence on organizational behavior and culture and may even result in the creation of laws (Kollman, 2008). Essentially, it is important to expressly include the informal institutions of host communities in corporate codes in Nigeria because acknowledging the existence and role of these institutions in the codes, may lead to their establishment as norm-creating/consistent practice in the long term. In other words, recognizing the legitimacy of accepted standards or ways of behavior can transform the status of the norm into a prescriptive one.

At the headquarters of corporations in their home states, it is essential to include a comprehensive reference to respecting the values that arise from the local informal institutions where the corporation operates in the code of conduct. This reference should be specific to the culture, customs, and traditions of the community in which the corporation is functioning. This will not only help the corporation gain the trust and respect of the locals but also assist in establishing a sustainable and ethical business model that aligns with the values of the community. This inclusion can lead corporations to improve their CSR practices, even if they do not fully adopt norm-consistent behavior. Corporate managers can partially internalize these norms and use them to improve their practices (Kollman, 2008).

According to Risse and Sikkink (1999), there is a three-stage process in which an idea can transform from a normative logic into a prescriptive regime. In the first stage, actors feel pressure from powerful interest groups to pay lip service to relevant norms without truly internalizing them. In the second stage, social learning through argumentation persuades actors to comply more with the norm as the proper thing to do. If a norm reaches a "tipping point" in terms of the number of actors that adhere to it, less coercion and usually less time is needed to persuade additional actors to comply with its strictures. This leads to the third and final stage, where a rules-guided logic takes over as the norm becomes institutionalized in the standard operating procedures of an actor's decision-making process (Risse & Sikkink, 1999). In this context, corporate responsibility norms, as outlined in codes of conduct, have a significant impact on the policies and behavior of corporations (Dashwood, 2007). Even when managers simply express a commitment to these codes, under the right circumstances, it can lead to substantial changes in corporate practices (Dashwood, 2007). By engaging corporations in a conversation about their responsibilities regarding social and environmental concerns and the relevance of host communities' local informal institutions, they can be encouraged to address the discrepancies between their words and actions. Ultimately, this dialogue, one that is more in tune with local culture and values, can foster a deeper and more sincere commitment to the ethical standards laid out in the codes of conduct.

As mentioned previously, corporations hold a dominant position in key sectors of the Nigerian economy such as manufacturing, construction, petrochemicals, and telecommunications (Amaeshi & Amao, 2009). The major business organizations in Nigeria are primarily from Europe and the United States and have their codes of conduct and ethics to govern their internal decision-making processes. Foreign corporations in Nigeria tend to retain the influences of their home countries' models of capitalism on their corporate codes even when operating outside their national boundaries (Amaeshi & Amao, 2009). This has resulted in the enactment of codes of conduct that are more inclined toward their home countries and hardly acknowledge the relevance to the local informal institutions of the host communities. Integrating the values embodied in the informal institutions into the corporate code of ethics of the corporations is considered a good starting point for translating them into concrete CSR approaches/arrangements.

Accordingly, it is suggested that corporations operating in Nigeria should expressly adopt the philosophy of *onye aghana nwanne ya* in their codes of conduct/ethics. This philosophy emphasizes that people work best when they care for each other. Codes of conduct for corporations should distinctly embody values such as compassion, reciprocity, dignity, harmony, and humanity, with explicit sections incorporating these values. The explicit inclusion of these values is essential to fostering and sustaining robust and durable communities. Therefore, it is crucial to ensure that the codes of conduct for businesses reflect these values and are continuously upheld to achieve sustainable and positive outcomes. These sections of the corporate code will emphasize the strong interdependence of human beings and prioritize communication and reconciliation between human actors to promote harmony and understanding. Codes that contain local values and philosophies can be beneficial for corporations in handling complex issues that arise between them and communities, such as resettlement problems. While domestic laws may regulate such matters, a code of conduct can significantly impact how a corporation approaches corporate-community relationships. Rather than being confrontational, a corporation that adheres to its code of conduct will approach the situation with compassion, respect, and dignity toward community members, striving to establish a harmonious relationship. Similarly, to ensure that corporate decisions do not negatively impact local communities, existing codes should be amended to provide for consultation mechanisms and dialogue opportunities between businesses and local informal organizations, such as extended family and religious institutions. Within the codes, it should be stated that consultations/dialogue, in the form of round table discussions, must be held at least twice a year. These discussions should be held to discuss any relevant issues or concerns and gather feedback from all the stakeholders involved. In case of any urgent matter, the consultations can be held as and when required to ensure timely resolution of the issue. This will allow all parties to establish and foster a good working relationship.

Corporate codes of ethics/conduct should also be produced in the local languages of the host communities. As was discussed earlier, a well-crafted corporate language policy that recognizes the linguistic heritage of host communities can help corporations achieve better CSR outcomes (Selmier et al., 2015). Cultural and linguistic differences can pose challenges in creating, implementing, and communicating CSR, especially in developing economies. However, communicating with host communities, particularly on CSR issues, is essential for corporations to become an integral part of society (Kaptein & Tulder, 2003). It is the corporation's responsibility to communicate in a language that the community understands instead of expecting the community to learn the corporation's language. Corporations must tailor their CSR activities according to local constraints and preferences to succeed in stakeholder relationships. Language is a powerful tool that corporations can use to address and solve social problems in their communities. By producing corporate codes of conduct in the local language of the host communities, corporations can better understand and engage with local stakeholders. While English is the universal language of business, it may not always be the best option for local communication (Luo & Shenkar, 2006). In such cases, carefully selecting a language that best suits the specific context is necessary. The code should require that when engaging with communities as part of consultations or grievance mechanisms, appropriate language, accessibility, and respect for local values prevail. This means that the language used should be clear, concise, and easily understood by the community members. Developing policy documents, such as the code of conduct, in the local language of the host community becomes essential.

Conclusion

The current model of CSR in Nigeria is heavily influenced by the Anglo-American neoliberal development theory. This approach is often applied without considering the unique local context and requirements of host communities. The responsibility boundaries between government and business in developing countries like Nigeria are complex due to the country's peculiar background. Simply transferring responsibility boundaries based on developed countries' context is problematic and does not reflect the reality of developing economies like Nigeria. Nevertheless, effective corporate responsibility requires corporations to consider the environment and local communities where they operate (Schneider et al., 2012). Drawing on insights from the old institutional economic thought, this article has argued that it is important to consider the traditional institutions of host communities and engage with them respectfully and cooperatively to establish an effective CSR regime in Nigeria. The failure of corporations in Nigeria to integrate these institutions into their CSR framework has led many host communities to perceive their CSR practices as mere window dressing. To address this, the article suggested integrating local institutions such as philosophies, values, family, religion, language, and storytelling into the CSR agenda in Nigeria. This new CSR framework will be designed in collaboration with families, religious institutions, traditional leaders, and various organizations in the country.

This conversation marks the initial stages of exploration in this field. Further investigation is required to identify additional local informal institutions that can play a role in shaping a new CSR framework, as well as to uncover alternative methods for translating these fundamental principles into tangible/concrete CSR strategies and structures. As mentioned earlier, there are challenges in reforming Nigeria's corporate law framework to adopt a more practical approach toward CSR. As a result, it is essential to acknowledge that incorporating informal local institutions into the country's CSR model may encounter obstacles and difficulties. These challenges may be even more pronounced when introducing the new framework in other developing economies. This is due to the distinct challenges these economies may face, which could impede their capacity to implement and adapt to the new framework. As such, additional research is imperative to identify these challenges and offer viable solutions where feasible.

The focus of this article has been on incorporating the Old Institutional Economic Theory into the discussion of CSR and using the theory to identify relevant informal institutions and explain why they are important in developing a new CSR framework in Nigeria. The article emphasizes the importance of understanding the social, cultural, and political institutions in the area and how they shape the expectations of responsible social behavior and development. By doing so, corporations can gain legitimacy and respect from local communities. Commitment to engaging with local institutions demonstrates the corporations' dedication to fulfilling the spirit and intent of effective CSR and ensuring the long-term sustainable development of host communities. Integrating local institutions into their CSR framework will help corporations promote the well-being of host communities both now and in the future.

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NOTES

1. To this article, community development is sustainable when it achieves economic growth, poverty reduction, and reduced inequality while maintaining harmony between business and the environment – see World Commission on Environment and Development, *Our Common Future* (OUP, 1987) 11; MP Todaro and SC Smith, *Economic Development* (8th ed., Pearson Addison Wesley, 2003).
2. Although some legislation imposes penalties and punishments on oil corporations and their managers for oil spills, these measures offer little deterrence or incentives for post-spill clean-up. For example, fines under various sections of the National Environmental Standards and Regulations Enforcement Agency Act (2007) are often insignificant in comparison to the damaging effects of a spill. Corporate managers may choose to pay the daily fine and delay cleaning up the environment to protect short-term profits. This approach fails to prioritize immediate clean-up efforts and neglects the long-term environmental impacts.
3. Some of these treaties include the one with France which entered into force on August 19, 1991; the United Kingdom (December 11, 1990); Netherlands, (February 1, 1994); Germany, (September 20, 2007); Switzerland, (April 1, 2003); Spain, (January 19, 2006); See UNCTAD BITs Database < *https://investmentpolicy.unctad.org/international-investment-agreements/countries/153/nigeria* > accessed April 27, 2023
4. When examining the negative consequences of corporate actions, it is important to consider the distinction between two types of CSR obligations: affirmative

duties and negative injunction duties (Simon, Powers, and Gunnemann,1972). Affirmative duties involve actively contributing to societal good, such as building infrastructure and supporting communities. Negative injunction duties focus on preventing and addressing social harms caused by business activities, including pollution and environmental damage. Fulfilling negative injunction duties is seen as essential for business responsibility, establishing a minimum moral standard that all corporations must meet. Critics of CSR, like Levitt (1958), often erroneously equate affirmative duties with profit-making, mischaracterizing CSR as a distraction for businesses.

5. The Nigerian National Assembly proposed a Corporate Social Responsibility Bill in 2007 to address the negative impacts of corporate activities on communities. The Bill aimed to establish a CSR Commission to collect a mandatory 3.5% CSR contribution from corporations for community development projects. However, the Bill faced criticism for being an additional corporate tax and for its outdated view of CSR as mere charity or gift-giving. As a result, the Bill never became law and remains stored in the archives of the National Assembly bills.
6. The Nigerian government has legislated CSR through section 240 (2) of the Petroleum Industry Act (PIA) 2021. However, section 257 of the same Act allows for the deduction of funds accruing to the host communities in the event of any act of vandalism, sabotage, or civil unrest that causes disruptions in production or damages the petroleum facilities. This provision could make it easier for corporations to manipulate and attribute most oil spills to sabotage, thereby escaping liability. Additionally, some stakeholders have expressed concerns that section 240(2) introduces another form of corporate tax with a narrow view of CSR as a charity.
7. This form of CSR recognizes how local institutions influence responsible social behavior and development expectations. By integrating these communal interests and rights into the CSR framework, corporations can ultimately contribute to the sustainable development of these communities.
8. While it is agreed that the pervading ethnic and religious divides in Nigeria make the development of a central philosophy or principle (as seen for instance in South Africa) difficult, it is also true that these principles of honesty, equity, integrity, uprightness, and high reverence for community values are acceptable to all Nigerian societies.
9. That is kindred or kinsmen under the leadership of the eldest man/woman. This notion of the family is used in contra-distinction to the nuclear family of a husband, wife or wives, and their children.
10. When corporations can seek input from all community members they should take advantage of it. However, it can be challenging for all community

members to unite for discussions. Therefore, it is generally acceptable for families to choose representatives to speak on their behalf during such deliberations.

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