Corporate Social Responsibility (CSR) Leadership and Poverty Reduction: The Case of Nigeria and Sierra Leone

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Abstract

This paper is based on the contention that there exists a nexus between (political) CSR leadership and poverty reduction in developing countries particularly Nigeria and Sierra Leone. Also, the paper argues that CSR leadership by the multinationals (MNCs) can facilitate poverty reduction in both countries as well as has the capacity to shape CSR practice and sustainable development. The study focuses on Nigeria and Sierra Leone to find parallel and similarities in both countries – as nations known for inept political leadership and poor CSR leadership. Thus, both countries’ political leadership is largely responsible for the failings of corporate bodies to live up to their billings in terms of CSR and poverty reduction. In addition to exploring the politico-historical leadership trajectory of these countries to find nexus with CSR leadership, the paper deals with the aetiology of Nigeria and Sierra Leone’s political leadership and its impacts on leading CSR and sustainable development by MNCs (and other corporate bodies). To do this, the paper relies on critical literature review of extant literature on the phenomena discussed here and thus develops a conceptual framework that indicates knowledge extension on the subject matter of the interface of poverty reduction and CSR leadership. The findings of this paper indicate that (political) leadership has a rectilinear relationship with how corporate leaders take issues of CSR in both countries.

Keywords: Nigeria; Sierra Leone; CSR leadership; poverty reduction; political leadership; CSR

JEL Classification: M14

Introduction

The presence of multinational companies in developing countries has triggered poverty, violence, wars, conflict and corporate-stakeholder impasse as their corporate ideology and institutional philosophies are traditionally at opposite end to stakeholders’ desires and aspirations (Frynas, 2005, 2009). This is redoubled in the era of “business in society” dialectics as opposed to “business and society” rhetoric. The former is hinged on business becoming a catalyst for sustainable development and poverty reduction; while the latter is verged on instrumental (strategic) CSR (Freeman, 1984; Carroll, 1991). In developing countries such as Nigeria and Sierra Leone, stakeholders have often perceived multinational corporations (MNCs) as not living up to their promises with regard to CSR (Maconachie, 2008) and have rather
deepened poverty and inequality through their activities (Watts, 2004), increased socio-economic inequality (Nwagbara, 2013), intensified conflict (Visser, 2011) and triggered war (Datzerberger, 2014).

Given the above, both development economists and management scholars have harped on how leadership shapes and can be shaped by corporate social responsibility (CSR) (Angus-LeppanMetcalf & Benn, 2009). Consequently, as this paper contends an understanding of how leadership shapes CSR in both countries is vital to establish similarities as well as to deepen insight into CSR scholarship from developing countries’ perspective, which is in dear straits of scholarship for better apprehension of how leadership is implicated in poverty reduction (Nwagbara, 2013) and CSR governance (Frynas, 2009). Thus, since CSR is a company’s organisational programme of self-regulation for legitimacy and accountability, which are integrated into its business leadership, strategy and ethos (Carroll, 1991) in an institutional space, studying how political leadership is implicated in the process will facilitate apprehending CSR leadership and poverty reduction as framed by institutional imperatives.

In Nigeria, activities of multinational companies regarding CSR are conceived by wider stakeholders as rather deepening poverty, as well as limiting sustainable development (Ite, 2004). Notwithstanding being the fifth oil producer in the world including having massive human and natural resources, Nigeria is seriously undermined by lingering poverty and conflict between leading (oil) MNCs such as ExxonMobile, Agip, Shell, Chevron and TotalFinaElfand the stakeholders (the communities), who see the companies’ CSR as not being accountable, legitimate and representative. Nigeria is a major crude oil exporter with equally huge potentials to be a major player in the global marketplace (Frynas, 2009). Sadly this is not the case, as the nation is embroiled in deepening crisis and conflict following politics of oil exploration and other activities by MNCs in partnership with Nigerian political class. This paper is based on the contention that there exists a nexus between Nigeria and Sierra Leone’s political leadership style and corporate social responsibility (CSR) practice. This interface occludes leading CSR by the companies.

In management and leadership studies, there is debate about how business can facilitate leadership and governance in society when governments retreat mostly in fragile or frail states with crumbling institutions such as Nigeria and Sierra Leone (Maconachie, 2008). In this way, businesses can help foster better governance and CSR leadership (Visser, 2011). This is considered as political role of business in society. This business strategy is tagged “political CSR” (Nwagbara, 2013). For example, in the Niger delta of Nigeria, where oil exploration has impacted badly on the environment and people’s means of livelihood, businesses are ethically obliged to help better the lots of the people and their environment, however, they are not mandated by law to do so. This is what Visser (2006) regards as African model of CSR, which negates Carroll’s (1991) CSR pyramid. In this way, there will be fewer criticisms from stakeholders, which is essential for leading CSR by the companies.

The nexus between leadership, CSR and corporate social performance (CSP) has been an established area of study and interest in leadership studies. So, corporate social responsibility requires corporate social leadership shaped by politics of a social space (that is institutional dynamics) to perform. To this end, “both Lozano et al (2006) and Albareda et al (2004) have responded to this debate by developing a CSR/sustainability public policy-relational schema to better understand the role of leadership” (Nwagbara, 2013, p. 10)in sustainable development and poverty reduction. That said, understanding CSR broadly from macro-level perspective will illuminate insights into how its micro-level actualities are shaped and sustained. Therefore, the interface between leadership and CSR can help identify institutional antecedents of CSR motivations, which inhere in political leadership that transcends mere organisational rhetoric. These insights can facilitate a rethinking of CSR practice and organisational culture in both countries beyond the confines of firm-level logics by situating CSR debates in the broad church of national political economy.
Thus, both countries’ inept political leadership is largely responsible for the failings of corporate bodies and poor CSR record by MNCs. Therefore the main aim of this paper is to tease out critically how CSR leadership can galvanise national development and poverty reduction in both Nigeria and Sierra Leone. The methodological approach adopted here is essentially qualitative and exploratory that relies on critical analysis of extant literature on poverty reduction, CSR and leadership to frame a conceptual framework that can add to the body of knowledge in this area of scholarship (Silverman, 2006). In addition to exploring the politico-historical leadership path of both nations, this paper deals with the aetiological underpinnings of their unethical political leadership as well as how it influences the multinationals’ CSR practice and business strategies. Also, central to this study is how the countries’ political leadership shapes as well as moderates the role of business in society. Finally, this paper argues that inept political leadership has a direct relationship with how corporate leaders see CSR.

**Literature Review**

The concept of poverty has been articulated in disparate forms ranging from practitioner perspective to academic theorising (Collier, 2007). No matter how this concept is conceived, it ultimately resonates with lack of control regarding economic, social and political pressures. Some definitions have gone further to offer more insights into this phenomenon. Thus, poverty further deals with lack of fulfillment of basic human rights, which essentially include right to the Smithian three basic needs of man (food, clothing and shelter), equal opportunity, political participation, democracy, and justice. In taking this further, Omotola (2008) considers poverty as involving

> A condition of human deprivation or denial with respect to the basic necessities of life – food, shelter and clothing. It is above all a symptom of embedded structural imbalance, which manifests in all domains of human existence. It is therefore considered to be highly correlated with social exclusion, marginalisation, vulnerability, powerlessness, isolation, and deprivation (p. 499).

Poverty implicates a complex collection of risk factors that unfavourably affect a people or social space in various forms and dimensions. These include: the powerlessness of victims, marginalisation, conflict, violence, war, social/emotional challenges, civil unrest, cognitive lag, unemployment, political apathy, and other socio-economic malaise. Both Watts (2004) and Iblaba (2012) consider poverty as triggers of frustration-aggression situation that is precipitated by “resource curse” in Nigeria and Sierra Leone (Maconachie, 2008, 2009). As contended by Jensen (2009) there are six variants of poverty ranging from generational, situational, absolute, relative, rural and urban poverty. Thus, both countries are resource-dependency nations and being afflicted by what development economists call “resource curse” (Auty, 1993), which chimes with a state of affairs where a social space (country) is beleaguered with problems associated with natural resource blessing. Resource curse theory (Karl, 1997), which is also referred to as “paradox of plenty” finds amplification in how natural endowments trigger “curses” such as environmental dissonance, socio-economic upheaval, political violence, wars, poverty-induced CSR leadership problems and other disconcerting sustainable development malaise (Watts, 2004).

The cause of Nigeria and Sierra Leone’s poverty is beyond the scope of this paper, however, both countries seem to have most of the features of poverty indicated above. Nevertheless, it is on record that Sierra is one of the poorest countries in the world, yet it is hugely blessed with natural and human resources. With a population of about six million and relying mainly on export of diamond, which accounts for nearly 80% of its export before the inception of civil war.
in 1991, the country essentially relies on foreign aid for survival (Maconachie, 2008). Apart from diamond, Sierra Leone has other valuable mineral resources, which include bauxite, iron ore, gold and rutile, among others. As indicated by the Department of State (2011), large population of the country live below the poverty line, and the country’s GDP is based primarily on one source – diamond mining and agrarian agriculture – which triggers frustration-aggression situation, violence, diamond-fuelled war, CSR challenges and leadership ineptitude. To this end, according to Baxter (2013)

Sierra Leone is still struggling to rebuild after an 11-year civil war, which was fuelled by ‘blood diamonds’ and rooted in inequitable distribution and irrational exploitation of resources. Even a decade after peace was restored, the country still ranks near the bottom of the United Nation’s Human Development Index, with high levels of poverty and food insecurity (p. 5).

The foregoing presents a clear case of a nation that lives on the bank of a river and washes its face with spittle (Ekpu, 2004).

Correspondingly, in his famous chapbook on Nigeria, The Trouble with Nigeria, the renowned Nigerian novelist, Chinua Achebe stated unequivocally that “the trouble with Nigeria is simply and squarely a failure of leadership” (1983, p. 22). Chinua Achebe deepens this perspective in his foreword to Richard Dowden’s penetrating book, Africa: Altered States, Ordinary Miracles. He said “Africa has endured a tormented history” (Dowden, 2009, p. xv) conditioned by inept leadership, lacklustre governance and oil politics. Claude Ake sees this development as the “democratisation of disempowerment in Nigeria (Africa)” (Ake, 1991). Similarly, the Nigerian Nobel laureate, Wole Soyinka, considers Nigeria’s brazen political leadership as an orchestration of open sore of a continent that is suffering from the bang and pains of warped leadership (Soyinka, 1996). This state of affairs is blamed on Nigeria’s nature of (CSR) leadership. With oil reserves estimated at nearly forty two billion barrels, oil accounts almost 90% of government’s revenue as well as constitutes over 90% of its foreign earnings. Nevertheless, Nigeria is mired with stakeholder deadlock and corporate-community problems. There is nowhere that this is more evident than in Nigeria’s Niger delta, which is Nigeria’s oil-producing region. Since the discovery of oil in commercial quantity in Nigeria’s Nembe Oloibiri (present Bayelsa State) in 1956, her political economy and leadership has been thrown into utter instability and corrupt practices that are shaped essentially by poor (CSR) political leadership (Nwagbara, 2013). Nigeria has over 250 ethnic groups, giving the “giant of Africa” a rich diversity. Nigeria is also the fifth largest producer of crude oil in the world. Also, the nation of Nigeria accounts for around one quarter of the whole population of West Africa. Nigeria, which has been described as oil-rich nation and “the jewel in the Gulf of Guinea crown” (Watts, 2004) is a long-time member of OPEC. Yet, Nigeria suffers from one of the worst forms of political leadership, socio-economic contradictions and corporate-stakeholder impasse.

Given comparable political leadership configurations, both countries have recently adopted similar measures to curb the incidence of poverty premised on poor CSR leadership, political leadership and poor corporate governance to reduce poverty. This is central to the establishment of National Recovery Strategy (NRS) that was launched in 2002, and the Poverty Reduction Strategy Paper (PRSP) in 2005 in Sierra Leone. This also accounts for the conceptualisation and establishment of the Kimberly Process Certification Scheme (KPCS) and Diamond Area Community Development Fund (DACDF) to help tackle poverty and its concomitant sustainable development malaise. As indicated by Maconachie (2008), “[B]uilding on the popularity of previous community-based natural resource management (CBNRM) experiments elsewhere in Africa, the Diamond Area Community Development Fund (DACDF) was formally approved by Sierra Leone’s Ministry of Mineral Resources in December 2001, as part of a broader reform programme for the diamond sector following the end of the war” (p. 10). The rationale of this strategy is to use leadership to shape and drive CSR as well as reduce rural poverty in the country.
In drawing parallel, recently under the Memorandum of Understanding (MoU) signed by joint ventures (Shell, Agip and Elf) and the government of Nigeria, the participating MNCs have been championing local development projects so as to advance sustainable development and local capacity building in the Niger delta of Nigeria. This is usually done through partnership and collaboration with the communities for establishment of local projects that can facilitate the development and acquisition of relevant skills necessary for community development. Also, Chevron and ExxonMobil are contributing to sustainable development via committing to CSR in this regard. Thus, projects such as Partnership Initiatives in the Niger Delta (PIND) that was initiated by Chevron to develop as well as empower communities in the Niger delta in areas of sustainable economic development, peace building and capacity building parallels “creative capitalism” (Pindfoundation, 2012) as espoused by Bill Gates in his 2008 Davos speech at World Economic Summit. Creative capitalism advocates that corporations should dedicate a fraction of their resources to solve global problems associated with those at the bottom of the pyramid. Also, PIND as a partnership initiative involving networks such as Chevron, private donors, and local institutions, to improve the wellbeing of the people of Niger delta in relation to employment, education and healthcare. Another social enterprise modelled on this social investment approach is championed by Crown Agents, which is partnering with PIND to develop as well as deliver civil society or social enterprises that can provide training programmes for youths in the communities (e.g. the CAPABLE Programme).

As has been argued, the contradictions explained above in both Nigeria and Sierra Leone, are consequent upon contradictions and conflicts associated with diamond-mining and oil politics and their related phenomenon, “resource curse thesis” or paradox of plenty as indicated earlier (Auty, 1993; Karl, 1997). According to ace Nigerian journalist, Ray Ekpu, the history of Nigeria is

... the story of a paradox, grinding poverty in the midst of vulgar opulence. It is the case of a man who lives on the bank of a river and Washes his hands with spittle. It is the case of a people who live on the farm and die of hunger (Ekpu, 2004, p. 10).

It is to this end that Nigeria has been referred to “... as a Gulliver; and the Lilliputians have been Nigeria’s leaders, whose rapacity – like the creatures in Swift’s tale – have debarred a country of immense prospects from realising its development potential” (Agbiboa, 2012, p. 325). Nevertheless, proponents of CSR leadership (Visser, 2006; Nwagbara, 2013) have argued that the contradictions can be negated via people-centred, corrupt-free and responsible political (CSR) leadership that can shape behaviour of corporate leaders. Accordingly, this process resonates with where CSR complements the exiting public and informal government systems, and therefore creates a better opportunity that both the public and private government modus operandi will compensate for each other’s failings in governance of corporate externalities. The next section of this paper focuses on influence of political leadership style on CSR.

The Influence of (Political) Leadership Style on Corporate Social Responsibility

For centuries, how to carry people along in leadership has been a fundamental issue in different fields: leadership studies, management science, human relations, public service and corporate governance. Although leadership is a well-known term, everybody agrees that there is less of it than there should be (Bass, 1985). Researches have confirmed that since the beginning of the organised state attention has focused on the subject matter of leadership style (Kotter, 1990) as it is the key framer of societal institutions as well as CSR behaviour. A definition of leadership will help in apprehending its dynamics on leading CSR and poverty reduction. Thus,
The term leadership is taken from the verb lead. Etymologically, the word leadership came to light from the Old English word leden orloroeden, which entails “to make go” or “to show the way”. The word leadership also finds provenance in Latin with words such as ducere, which means “guide”, “pull” and “to drag”, among others.

... It has been argued that the word ducere had been used in the Bible as well as other Christian books as early as 800 AD ... The earliest and clear indication of the use of the word lead or leadership was foreshadowed by Candrey (1604) and Cockeran (1623), but none of these books offered a clear-cut definition, including a precise meaning of the word (Nwagbara, 2012, p. 87).

Historically, the word leadership has existed nearly one thousand years (Rost, 1991). A historical investigation of the term leadership would change the direction of this paper.

According to Rost (1991), leadership has been described as one of the most investigated concepts in the world. It is one of the most ambiguous terms in terms of indeterminacy in meaning (Crainer, 1995). Leadership is on everybody’s lips, yet least understood. According to Bass (1997) the vagueness about defining leadership finds amplification here: “there are as many definitions of leadership as there are persons who have attempted to define the concept” (p. 11). Hence, leadership is conceived as an elusive concept. Bennis (1994) sees it as “beauty”, which is problematic to define, yet recognised wherever it is encountered. No matter the ambiguity associated with leadership and leaders,

leaders are individuals who establish direction for a working group of individuals, who gain commitment from these group members to this direction, and who then motivate these members to achieve the direction’s outcomes (Conger 1992, p. 18).

In the main, in all institutional arrangements, leaders are key framers of human, organisational, societal and political culture as they are the lodestar providing direction, leading the way and shaping human behaviour.

Regrettably, leaders of the MNCs (corporate bodies) in both Nigeria and Sierra Leone rather cast a shadow of inept leadership and visionless culture (Visser, 2011), which negatively impacts CSR and poverty reduction. Philosophers such as Socrates, Plato, Aristotle, Hobbes, Locke and Rousseau as well as African scholars share similar notion about leadership: institutions, culture and society develop on the axis of good leadership. This means that leadership style is crucial in determining the nature of institutional frameworks and motivations that guide conducts in political and corporate realms including CSR leadership (Angus-Leppan, Metcalf & Benn, 2010). Rotberg (2012) echoes similar wavelength in relation to how leadership style influences institutional structures in developing countries: “leadership begets governance; governance in turn begets political culture and, in time, begets institutions (p. 11). Thus, institutional drivers of corporate social responsibility are considered to stem from the national business structures, which deal with financial, political, cultural and governmental system that impact the individual and organisations. In this direction, according to Amaeshi et al (2006) “[I]n fact, incessant political unrests within the country (Nigeria) are not unconnected to the social and environmental concerns that lie at the heart of CSR debate” (p. 84, our parenthesis). Put simply, CSR practice and organisational behaviour are socio-culturally embedded as well as shaped by Nigeria and Sierra Leone’s national political leadership. It is under this rubric that the concept of leadership is a sine qua non for leading change such as CSR leadership for poverty reduction in both countries.
CSR Leadership and Poverty Reduction: The Imperative of Responsible Leadership

The subject matter of leadership and its devastating impacts on the role of business in society have been well documented in extant literature. Although it is widely conceived that every nation – both developed and undeveloped – has some elements of corrupt practices, the spate of corruption in Nigeria and Sierra Leone is overwhelming (Frynas, 2009). In addition, there is a tendency to always view leadership from the positive side (Bolden, 2007). A common denominator that runs through modern leadership theories is that leadership is a positive and ethical phenomenon. In the Burnsian schema (1978), the emphasis is on morally desirable change achieved through what he called transformative leadership. Bass’s (1985) postulation about leadership was essentially transformational leadership with a reworked hypothesis that adds four variables to Burn’s (1978) thesis: intellectual stimulation, idealised influence, individualised consideration and inspirational motivation. Bennis & Nanus (1997) emphasised leaders “doing the right thing”; Weber (1947) talks about (charismatic) leadership as being inhaled in “the gift of grace”.

Deductively, the overarching factor in all these theorisations is that leadership is a correlate of morality and ethics, that is, it deals mainly with the positive side of leadership. There is a form of scholarship obsession with essentially dwelling on the positive as well as ethical side of leadership only at the expense of the consequences of negative side of leadership. Emphasis on the positive side of leadership alone has resulted to what Bolden (2007) tagged “leadership myth” (p. 42). This is also akin to what Gemmill & Oakley (1992) consider as “an alienating social myth”. Indeed, through leaders’ leadership style and influence employees’ behaviour and corporate conduct are shaped, nurtured and sustained. This becomes embedded in companies’ strategic planning and organisational ethos. Therefore, without responsible and ethical leadership, organisation’s CSR behaviour will be unaccountable. Thus, responsible leadership is a corollary of sustainable development and business culture that strives to reduce poverty and unequal world. So, the institutionalisation of responsible leadership in both Nigeria and Sierra Leone will stimulate better performance of corporations regarding reducing poverty and as well as promoting CSR leadership (Frynas, 2009). At the same time, it will enable limiting insiders’ abuse of power over corporate resources, as well as providing the means of monitoring managers’ (leaders’) behaviour in order to ensure corporate accountability (Nwagbara, 2013).

The subject matter of poor corporate leadership, culture and governance has become an interesting area of academic research because it is increasingly recognised that dysfunctional, bad and immoral managers and leaders can harm the wellbeing of corporate stakeholders. Thus, leaders are largely responsible for institutional, national and cultural antecedents that frame CSR as well as sustainable ethos. In corroborating this standpoint, Rotberg (2012) makes similar argument. He asserts: “Leaders breathe life into institutions. Founding … leaders set the tone, inculcate values by their voice and their actions, and slowly foster … a culture or some other…” (p. 14) forms of leadership. Therefore, leaders with positive and transformational vision (such as India’s Nehru, South Africa’s Nelson Mandela and Singapore’s Lee Kuan Yew) create an enabling environment and culture that permits and empowers good and responsible leadership. Deductively, responsible leadership is a precursor to socially alert CSR. In the absence of this, leadership becomes unsustainable as governments falter and retreat and political goods become short in supply. This is sadly symptomatic of Nigeria and Sierra Leone’s brand of leadership that has been reduced to mere zero-sum game, a situation where the strongest get the best deal at the expense of others (Ake, 1991; Maconachie, 2008). Like a contagious disease, unsustainable and inept leadership seeps down through government and corporate institutions and impacts hugely on how public officials – CSR leaders, corporate managers and political leaders – see their role in society. This also affects how these leaders view the role of business in society.
Arising from the above is the fallacy of corporate leaders or managers as “moral actors”. This is evidenced in the Foucauldian concept of “subjectification”, which is a method that unravels how managers and leaders become constituted as subjects, who maintain their existence and meaning via identifying with a particular corporate leadership order premised on a particular institutional ethos or contextual political leadership (Nwagbara, 2013). To this end, Banerjee (2008) avers that every manager’s (leader’s) role regarding sustainable development and CSR is predicated on a predetermined higher level leadership, which is national level leadership. Deductively, CSR culture and corporate behaviour at this level are framed and sustained by institutional leadership structures. This begs the question: Do corporate leaders or managers have genuine freedom to make CSR decisions as well as poverty reduction policies? To answer this question, taking a cue from Visser’s (2011) idea of CSR leader will help. Thus, “[A] CSR leader is someone who inspires and supports action towards a better world”, a world that envisions poverty reduction and sustainable development. Anything short of this is antithetical to leading CSR in both Nigeria and Sierra Leone.

Conclusion

At the emergence of the twenty first century, CSR debate has become very critical in the wake of so many “false dawns in past decades” (Silberhorn & Warren, 2007, p. 352) concerning corporate failure to alleviate poverty and drive sustainable development as well as enabling local capacity building and leading CSR, for the foremost part (Visser, 2011). The failure of corporations (MNCs) to lead in this regard finds materiality in globally recognised business scandals such as Enron, Worldcom, Parmalat, climate change, Niger delta conundrum, “blood diamond” in Sierra Leone and wars/conflicts in both countries (Datzberger, 2014; Maconachie, 2008). Various commentators have indicated that leadership trajectory of both countries accounts for similarity in issues regarding CSR leadership as it is a phenomenon that relies heavily on (national political) leadership for success and realisation as well as poverty reduction (Nwagbara, 2013). Thus for better CSR leadership, political leadership has to be sensitive to supporting environmental health and means of livelihood of communities in both Sierra Leone and Nigeria and capable of alleviating poverty in these regions of the world.

References


