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# Impact of Corporate Social Responsibility of Banks on the Development of Selected Local Government in Borno State. A Case Study of First Bank and Jaiz Bank of Nigeria

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**Abstract:** *This study will examine the environmental impact of the corporate social responsibility of banks on economic development. From the study, having run through the gamut of the activities of various commercial banks on the issues of corporate social responsibility of banks in Nigeria, it undoubtedly shows that corporate social development on economic development is expected to be achieved. This is the methodology that deals with the black letter approach to legal research. It is directed at using legal text, court judgments, statutes, and other materials drawn from primary and secondary sources to explain the law. For the purpose of this study, First Bank Plc was chosen from the banks in order to come up with various opinions on the subject matter of the research so as to make a reasonable generalization to the whole population. The sampling technique used in this research work is random sampling where First Bank Nigeria Plc and Jaiz Bank are selected at random in Nigeria for the purpose of this research. The research is a survey study where secondary data collection will be used as an instrument through the doctrinal method, which is directed at using legal text, court judgment, statutes, and other materials drawn from primary and secondary sources to explain the research work. The approach adopted is purely theoretical to explain the subject matter of the research. Law library and internet materials were also used as a library of data collection. The mode of the analysis can be by using an interpretive tool or deductive legal reasoning to evaluate, appraise, critique, or overview legal rules. The research is expected to educate the public about the extent of protection accorded by law; to place the public in as the mainstream in view of her role in utilizing a product of development provided by banks; to reduce the level of exploitation faced by the public from the banks; and to enhance the commitment of government and regulatory agencies towards effective and efficient public protection.*

**Key words:** *Corporate, Environmental Impact, Economic Development,*

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## INTRODUCTION

Corporate social responsibility (CSR) is a concept that entails the practice whereby corporate entities voluntarily integrate both social and environmental upliftment in their business philosophy and operations. A business enterprise is primarily established to create value by producing goods and services which society demands. The present day conception of corporate social responsibility (CSR) implies that companies voluntarily integrate social and environmental concern in their operations and interaction with stakeholders. The notion of corporate social responsibility is one of ethical and moral issues surrounding corporate

decision making and behavior, thus if a company should undertake certain activities or refrain from doing so because they are beneficial or harmful to society is a central question. Social issues deserve moral consideration of their own and should lead managers to consider the social impacts of corporate activities in decision making regardless of any stakeholders pressure. However, some argument that the contribution of concepts such as corporate social responsibility is just a reminder that the search for a profit should be constrained by social consideration and increasingly (CRS) is analyzed as sources of competitive advantage and not as an end in itself. In effect, the concept of corporate social responsibility has evolved from being regarded as detrimental to a company's profitability, to being considered as somehow benefiting the company as a whole, at least in the long run.

Today, managers of Nigerian bank have a need that the environment in which they operate should be provided for because their intermediate and macro environment have direct impact on the attainment of the corporate goals, objectives and mission statement. The purpose of all profit making organization, and even the non-profit making organizations is to maximize profit and in turn minimize cost, through optimal utilization of variable resources to achieve the best result they are capable of profitability is an important factor to all Banks, because it is one of the major purpose for which banks are established.

Corporate social responsibility (CSR) involves a business identifying its stakeholder group and incorporating their needs and value within the strategic and day-to-day decision-making process, thus means of analyzing the inter-dependent relationship that exist between business, the economic system and the communities within which they are operating. CSR is a means of discussing the extend of obligations a business has to its immediate society; a way of proposing policy ideas on how those obligation can be met; as well as a tool by which the benefit to a business for meeting those obligation can be identified. Corporate social responsibility is also referred to as 'corporate' or business responsibility, it involves the way organizations make business decisions, the products, the product and services they offer, their efforts to achieve an open and honest culture.

The Nigerian bank seek to conduct CSR so that they, meet there financial, social and environmental responsibility in an alleged way. At its core, it is simple about a set of values and behaviors that underpin its everyday activities, its transparency, its desire for fair dealing it treatment of people, its attitudes towards and, its treatment of its customers and its link into the community. Corporate social responsibility (CSR) is the commitment of business to contribute to sustainable economic development, working with employees their families, the local community and society at large to improve availability of life, in ways that are both good for business and for development.

In contrast to the western theories, the Islamic view of CSR takes a rather holistic approach.

For example, while an individual's right to hold or acquire property (property right) are protected, these rights are govern by rules and ethical codes designed to protect the right of society<sup>11</sup>. As such a man is not expected to conduct his economic, social and other worldly activities as a self centered utility - maximizing economic agent, as idealized in neo classical economic; rather he is expected to balance between the rights and responsibilities of the individual and that of society .u Thus, the motion of social responsibility is form inscribed within the religious bond.

## **STATEMENT OF THE PROBLEM**

With the new "competent and competitive," the banking system is now driven by advanced competition brought about by globalization, the deregulation of financial service, recently replacement of some banks' chief executive in Nigeria banking industries, astronomical development in information and communication technology (ICT), among others, to render service according to cost-benefit criteria. This has affected banks, customer's habit as well, while the increasing demands for clear and hard facts about the social and environmental performance of banks by an increasingly well-informed breed of stakeholders have made corporate social responsibility (CSR) the vogue. Banks in Nigeria perceive and practice corporate social responsibility as a corporate philanthropy aimed at addressing socio-economic development challenges. What impact does this have on the profitability of the banks?

In the light of the above problems faced by most banks, there is the need to evaluate how CSR impacts on the profitability of the banking sector in Nigeria. The following questions were designed to probe into the corporate social responsibility of First Bank of Nigeria Plc and Jaiz Bank and its profitability.

- i. Does the Banks corporate social responsibility relate with First Bank in terms of focus
- ii. Does the Banks corporate social responsibility relate with Jaiz Bank?
- iii. What are the challenges corporate social responsibilities in relation to Nigerian Banks?
- iv. How does corporate social responsibility contribute towards the developments of the selected communities within which they operate?

## **JUSTIFICATION FOR THE STUDY**

The study is expected to make contribution to knowledge in the following areas:

- i. Provide information about CSR in relation to corporate institution (First Bank and Jaiz Bank).
- ii. A fundamental material for scholarly discourse in management relating to corporate social responsibility.
- iii. Assist in providing information on the impact of CSR on the profitability of banking sector.
- iv. Provide information on the challenges of CSR in Nigeria banking sectors and recommendation.
- v. Provide information for future research works on CSR

## **OBJECTIVES OF THE STUDY**

- i. To examine corporate social responsibility in relation to First Bank in Nigeria in focus.
- ii. To examine corporate social responsibility in relation to Jaiz Bank in focus
- iii. To determine the challenges of corporate social responsibility in Nigerian banking sector.
- iv. To examine the contribution of corporate social responsibility towards the development of the selected communities within which they operate

## **LITERATURE REVIEW**

The great economist and philosopher Adam Smith expressed in the eighteenth century the classical economic model of business which suggested that the needs and desires of society could best be met by the unfettered interaction of individuals and organizations in the marketplace. Industrial Revolution contributed to radical change, large organizations developed and acquired great power, and their founders and owners became some of the richest and most powerful men in the world. In the late nineteenth century, many of these individuals believed in and practiced a philosophy that came to be called "social Darwinism". This type of philosophy justified cutthroat, even brutal, competitive strategies and did not allow for much concern about the impact of

the successful corporation on employees, the community, or the larger society. Around the beginning of the twentieth century a backlash against the large corporation began to gain momentum. Between 1900 and 1960 the business world gradually began to accept additional responsibilities other than making a profit and obeying the law.

For many years, the concept of corporate social responsibility remained alien to the Nigerian banking industry, as the overriding emphasis was profit and nothing else. As at the time in question, banks management never bordered about the customer or the environment within which business is being operated, and that created a lot of problems for the various institutions. That was largely because the customer had little or no option, as the number of the bank then was relatively small. Moreover, the literacy level and consciousness of the bank customers was quite low and so many things were taken for granted. Indeed times have changed a great deal and awareness about banks corporate social responsibility has continued to grow steadily ever since. It the bank, as policies, products and services can only be introduced after evaluation and consideration of the responses, from the society and society and business environment. There have always been fears that without such consideration, organizations are bound to record product or service failure. Today, the corporate social responsibility profile of banks is being used as a marketing tool in a competitive industry.

The Nigerian Banking Industry (NBI) has evolved over the years. The NBI can be said to have gone full cycle commencing in 1892, the pioneer banking company in Nigeria namely the African Banking Corporation later (1894) absorbed by the British Bank of west Africa (BBWA) enjoyed a virtual monopoly of the banking business. This period up to 1952 was characterized by the absence of banking legislation in Nigeria which also said that anybody could set up a banking company provided he/she is registered under the company's ordinance. The dominant banking institutions were foreign commercial banks operating mainly to serve the trade financing requirement of their country's industrial sector. Being foreign-based, it was believed that indigenes were discriminated against with respect to banking credit facilities.

The period of 1958-1969 witnessed an era of banking regulations consolidation. It gave birth to the establishment of and commencement of the Central Bank of Nigeria. Today the Nigerian banking industry is made up of twenty-four commercial banks with the first bank of Nigeria Plc recognized by the CBN as one of the leading banks in the country. Corporate social responsibility (CSR) is part of the business ethics which accountants and management are concerned with because they interested in the factors that fact the profitability of the business. Corporate social responsibility (CSR) can be defined s the "economic, legal, ethical and discretionary expectation that society has of organizations at a given point in time". CSR is a means of analyzing the inter-dependent relationships that exist between business and economic systems, and the communities within which they are based. CSR is a means of discussing the exact of any obligations a business has to its immediate society; a way of proposing policy ideas on how those obligations can be met, as well as a tool by which the benefits to a business for meeting those obligations can be identified.

But are these goals compatible with the business objectives which are the first priority of an enterprise? In a way, CSR challenges business to attend to, and interact with, the firms stakeholders while they pursue economic goals consequently CSR is frequently linked t such constructs as business ethics, corporate citizenship, stakeholders engagement, sustainable development, corporate governance, sustainable finance, social responsible instinct, etc.

## **LAWS AND POLICY OF CORPORATE SOCIAL RESPONSIBILITY**

Every jurisdiction where corporation operate has its own law of corporate governance. But remarkably, the corporate laws throughout the world are nearly identical. That design creates a governing body to manage the corporation; usually a board of directors and dictates the duties of those directors in sort, the law creates corporate purpose. That purpose is to operate in the interest of shareholders. In Nigeria, the duty of directors is stated in section 279 of companies and Allied Matters Act.

Although the wordings of this provision differed from jurisdiction to jurisdiction, its legal effect does not. This provision is the motive behind all corporate actions everywhere in the world. Companies believe their duty to the public interest consist of complying with the law. Obeying the law is simply a cost. Since it interferes with making money, it must be minimized, using device like lobbying, legal hair splitting, and jurisdiction shopping. Corporate law thus cast ethical and social concerns as irrelevant, or as stumbling blocks to the corporation's fundamental mandate. That is the effect the law has inside the corporation. Outside the corporation the effect is more devastating. It is the law that leads corporation to actively disregard harm to all interest other than those of shareholders.

Nigeria might be the first country in the world to legislate on corporate social responsibility (CRS). A bill which proposes that businesses spend 3.5% of its gross profit on CSR is making its way through the National Assembly. While there have been many definitions of "CSR" "Tax" has never been one of them, for that, appears to be the essence of the proposed legislation. Doing business in Nigeria is getting more expensive.

One the face of it, the Nigeria idea of "CSR" appears failure in valuing CSR's integration through the supply chain (although labour aspects are covered in the bill). In addition the Nigerian government (which has proposed the bill) seems to have overlooked that CSR means going beyond compliance.

The government will support social and environmental impact of business activities, develop policies to encourage corporation to become engaged in the community, and ensure that companies sponsor cultural and educational activities that add value to Nigeria socio-political and technological development. On one level, one might offer Nigerian business sympathy, as they might find they have a lot on their plate once the bill is passed, and add salt to the wound, they might find their profits dwindling. In fact, considering that CSR levy comes from profits before tax, SMEs might struggle to service in the long-run.

On the next level, one wonders what to which standards the new commission might subscribe as many developing countries find the CSR standards practiced and required by developed nations to be for too onerous to be profitable. And it must be said that there are always any law. Currently, there is a bill on CSR which is presently before the Nigerian National Assembly (National Assembly of Nigeria, 2012). The CSR Bill seeks to establish the Corporate Social Responsibility Commission (CSR Commission). The commission will see to the formulation, implementation, supervision and provision of policies and reliefs to host communities for the physical, material, environmental or other forms of degradation suffered as a result of the activities of companies and organizations operating in these communities. The Bill proposes five main divisions which respectively provide for the establishment of the CSR considering the provision of the Bill, its successful passage in house will be a welcome development and indeed a great reformation of the practice of CSR in Nigeria and will help in firmly establishing corporate ethics among the firms in Nigeria.

## **CONCEPTUAL FRAMEWORK OF CORPORATE SOCIAL RESPONSIBILITY**

There are four categories of corporate social responsibilities which can be depicted as a pyramid, in which economic responsibilities is the foundation upon which all other responsibility are predicated and without which they cannot be achieved, and discretionary responsibilities are the apex. Notwithstanding, companies are expected to fulfill these four social responsibilities simultaneously. An important consideration regarding this perspective is that, contrary to the common belief that economic responsibility is related to what the companies do for themselves, and the other responsibilities are related to what they do for others, "economic viability is something the business does for society as well". The centrality of the ethical and philanthropically areas of responsibility to the study of CSR because of the differentiation they allow for more compliance voluntarily corporate and mere compliance. The CSR debate has focused on the moral and philanthropic responsibilities, given little attention to economic and legal responsibility. In this article, the term CSR will also be used to refer to ethical and philanthropically responsibilities of business. An important recent addition to the discussion of Carroll's made was offered. These authors develop a three domain approach, in which they proposed the subsumption of philanthropic or discretionary component under the ethical and/or economic components. The reason for such proposal are related, on the one hand, to the difficulty in distinguishing between "philanthropic" and "ethical" activities on both the theoretical and practical levels, and on the other hand, to the observation that philanthropic activities are often explained by underlying economic interest. The conceptual framework of CSR is categorized into four, which are:

- i. Philanthropic responsibilities: be a good corporate citizen contributes resources to the community, improve quality of life.
- ii. Ethical responsibilities: be ethical obligation to do what is right and fair, avoid harm.
- iii. Legal responsibility: obey the law; law is society's codification of right and wrong play by the rules of the game.
- iv. Economic responsibilities: be profitable the foundation upon which all others rest.
- v. Economic responsibility: Economic responsibility is the bed rock of all responsibilities and the foundation of all CSR, which if not achieved other responsibility will not be attained. This responsibility emphasizes the reason for business establishment of business first responsibility is to an economic institution, that is, it should be an institution whose orientation is to identify customer's needs and provide these needs with a view of making profit.
- vi. Legal responsibility: Company is to comply with established laws by government. The law reflects a view of codified ethics that embody basics notions of fairness established by the government.
- vii. Company is to comply with established laws by government. Such laws include payment of tax, environmental protection and other.

Ethical responsibility: Ethical responsibility emphasizes the activities and practices expected by the society members, which includes complying with the norms in areas which they operate.

Philanthropic responsibility: Business is expected to be good corporate citizen. This is captured in philanthropic responsibility, wherein businesses are expected to contribute financial and human resources to the community and to improve the quality of life. Philanthropic responsibilities are business voluntary or discretionary responsibility that shows the human side of the organization.

For example, while an individual's rights to bond or acquire property (property rights) are protected, these rights are governed by rules and ethical codes designed to protect the rights of society. As such, a man is not expected to conduct his economic, social, and other worldly activities as a self-centered utility-maximizing economics agent, as identified in neoclassical economics; rather he is expected to balance between the rights and responsibilities of the individual and that of society. Thus the notion of social responsibility is firmly inscribed within the religious bond.

### **THEORETICAL FRAMEWORK OF CSR**

The two views of corporate social responsibility are the classical view and the socioeconomic view. The classical view: this view says that management's only social responsibility is to maximize profit. The most outspoken advocate of this approach is economist, Milton Friedman. He argues that managers' primary responsibility is to operate the business in the best interest of the stockholders. Friedman commented that stockholders have a single concern about financial return. He also argues that anytime managers decide to spend the organization resources for social good they are adding to the cost of doing business. These costs have to be passed on to consumers either through higher prices or be absorbed by stockholders through a smaller profit return as dividends.

The socioeconomic view: Further explains that the socioeconomic view is of the view that management's social responsibility goes beyond making a profit to include protecting and improving the social welfare of its stakeholder and the environment in that the firm carry out its operation. This position is based on the benefit that corporations are not independent entities responsible only to stockholders. They also have a responsibility to the society that allows their formation through various laws and regulations and supports them through purchasing their products and services of the major advocate of this view is Archie Carroll. Carroll and Friedman Agree on Basic responsibilities: Carroll and Friedman agree on the maximization of firms' values as a core responsibility. They also advocate that such responsibility remains in line with legal standards and therefore firms are not to engage in illegal activities.

### **ARGUMENTS FOR AND AGAINST CSR**

Friedman's perspectives represent the most famous and frequently cited opposition to corporate social responsibility. He went further to say that Friedman's opposition is termed the "economic" argument against CSR, who has argued that the primary responsibility of business is to make a profit for its owners, albeit while complying with the law. The "competitive" argument recognize the fact that addressing social issues comes at a cost to the business. To the extent that businesses internalize the cost of socially responsible actions, they hurt their competitive position relative to other businesses. Those in business are in-equipped to address social problems. This "capability" argument suggest that business executive and mangers are typically well trained in the way of finance, marketing, and operations, management, but not well versed in dealing with comfort societal problems.<sup>36</sup> Thus, they do not have the knowledge or skills needed to deal with social issues. This view suggest that corporate involvement in social issue may actually make the citation worse part of the capability argument also suggest that corporation can best served societal interest by sticking to what they do best, which is providing quality goods and services and selling them at an affordable price to people who desire them.

There are several arguments in favor of corporate social responsibility. One view held by critics of the corporate world, s that since large corporations create many social problems, they should attempt to address and solve them. They went further to suggest that corporations can do

a better job of producing quality safe products, and in conducting their operations in an open and honest manner. Also says that the "self interest" argument suggest corporations should conduct themselves in such a way in the present as to assure themselves a favorable operating environment in the future. In this theory of the firm-based model, managers conduct a cost/benefit analysis to determine the level of resources to devote to CSR activities/attributes simply put, firms simultaneously assess the demand for CSR and the cost of satisfying this demand and then determine the optimal level of CSR to provide.

Some suggested that business should assume social responsibilities because they are among the few private entities that have the resources to so. The corporate world has some of the brightest minds in the world, and it possesses tremendous financial resources.

On social and moral issues is not economically feasible. Corporations should focus on earning profit for their shareholders and leave social issues to others.

In the long run, it is in corporations' best interest to assume social responsibilities. It will increase the chance that they will have a future and reduce the chances of increased governmental regulations. Those who are most capable should address social issues. Those in the corporate world are not equipped to deal with social problems.

#### **THEORIES OF VALUE ORIENTATION OF CSR**

Theory of maximized profit for shareholders. The conventional theory of CSR believes that companies, as a business setup, should take optimal profit making for shareholders as their most fundamental objective. The realization of the benefits of any other concerned parties who are under the influence of a company's behaviours should not be deemed as the corporate objective. And the management body of the company shall have the right to resort to any means to achieve the goal when making any decisions or taking any actions on behalf of the company. Theory of social responsibility for protection on the interest of corporate stakeholders other than shareholders

This school of theory maintains that maximizing the interests of the shareholders of the company is the most important objective that a business organization should achieve. However, it should not be considered as the sole objective. As a business organization, a company is vitally interested with the overall social environment. When in business activities, a company should not only consider on their influence that the activities may have an shareholders, but also on the influence that they will have on the interest of the parties other than the shareholders, including employees, suppliers, customers, creditors and on the benefits of the government. When a company makes any decision, it has to take into account the benefits of these people. Otherwise, it should take liabilities against any harm or damages thus incurred to these people.

Theory of social responsibility on being good citizens

This theory maintains that companies, as business organization, should such profit making as the corporate objectives. However, companies are also liable to offering help, i.e. companies shall have the obligation to help solve certain social problems. For instance, companies shall have the obligation of making donations to education or charity organizations.

Theory of social responsibility on minimum requirement of morality

This CSR theory believes that companies have the obligation to satisfying shareholders interest rather than causing damages to their parties. By this theory, as long as companies have avoided causing or corrected the social harm caused due to their behaviour during the process of business activities, the companies are deemed to have fulfilled their social responsibilities. The CSR theory of minimum requirement of morality is regarded by some scholars as conservative



idealism, in other words as the ntary competence with the law.

## **THE LEGAL OBLIGATION ON THE CORPORATIONS/COMPANIES TO DISCHARGE CSR**

Currently, efforts are being made to discuss making law which carters for CSR. However, it can be argued that there are several Nigerian Legislations that incorporate within their provisions certain expectations that directly or indirectly regulate the observance or practice of CSR. For instance, section 279(4) companies and Allied Matters Act 1990, points out that "The director of a company is to have regard in the performance of his functions includes the interest of the company's employees in general as well as the interest of its member"<sup>39</sup>. Note that companies in Nigeria are not in any way precluded from carrying out social responsibilities towards the environment, what they will be expected to do is to ensure that such intended social friendly policies are embedded in their Article and memorandum of Association. In other to reinforce responsible behavior various laws have been put in place for the protection of the environment. These laws stipulate criminal sanctions for non-compliance as opposed to voluntary adherence. Examples of these laws include:

National Environmental Standards and Regulations Enforcement Agency (establishment) Act 2007. This act provides for the standards of compliance with environmental protection. It also provides for offences and corresponding punishment as it relates to the environment. Section 20 to section 29, states the expected standards of ensuring environmental protection. Section 20 particularly relates air quality of the environment. Section deals with the discharge of hazardous substances and related offences. Section 30 provides for the powers of the officers of the Agency to 39 Companies and Allied matters Act 1990 LFN 2004 enter premises, take sample, investigate and even exercise right of seizure. Section 31 and 32 provide for the offences. Another Act that calls for social responsibility is the, harmful waste (Special Criminal Provision Act). This Act prohibits the carrying, depositing and dumping of harmful waste on any land, terminal waters and matters relating thereto. In section 1(1) prohibits all activities relating to purchase, sale, importation, transit, transportation, deposit and storage of harmful waste. Section 1(2) environments the offences. This Act provides for the penalty of the imprisonment. The Act makes it a general offence for anyone to deal with harmful waste. It also has provision for the exclusion of the diplomatic immunities to foreign Nationals who will want to hide under the said Act to perpetrate to this offence. Other laws that deal with the protection of the environment can be found in the criminal code. Certain section of the code specifically provide for the protection of the public health. Section 234 to 248 of the Criminal Code provides for offences against public health. Section 245 declares as offence. The corruption or fouling of the water, spring, stream, well, tank, reservoir or place. Section 247 provides for noxious acts and section 243 provides for exposing and adulteration of food or drinks. Section 244 provides for offence relating to dealings with and in diseased meat and section 246 provides for offences against burial in houses. In spite of the stipulated laws and sanctions, the challenge for the Nigerian state has been a problem of enforceability i.e. the issue often comes down to concerns about how to make companies comply or to what extend could these penalties be enforced against an artificial person in law?

## **METHODOLOGY**

This section deals with doctrinal methodology; this is the methodology that deals with the black letter approach to legal research. It is directed at using legal text, court judgments, and statutes and other materials drawn from primary and secondary sources to explain the law.

The aim of this is for the research to follow a distinctive mode of analysis to systematize, rectify and clarify the law. The approach adopted may be purely theoretical to explain some judicial reasoning or legislative intendment, or it could be normative to try to demonstrate what the law should be. The mode of analysis can be by using an interpretive tool or overview legal rules and principles and come up with recommendations that would see to the development of the law.

#### **SAMPLE SIZE**

For the purpose of this study, First Bank and Jaiz Bank Plc was chosen from the banks in order to come up with various opinions on the subject matter of the research so as to make reasonable generalization to the whole population. The researcher is of the belief that first bank of Nigeria Plc and Jaiz Bank which were the first Bank to be established in the country, and which has withstand the test of time adequate to generalize findings.

More so, union bank was also chosen from the Banks in order to compare and analyzed the various opinions of the subject matter of the research. Jaiz bank being the true reflection of this inner urge of people. It is committed to conduct all banking and investment activities on the basis of sharing system and naturally gained by the rules provided by CBN.

#### **SAMPLE TECHNIQUES**

The sampling technique used in this research work is the random sampling where first Bank Nigeria PLC and Jaiz Bank was selected at random in Nigeria for the purpose of these research.

#### **METHOD OF DATA COLLECTION**

The research is a survey study were secondary data collection will be use as instrument through doctrinal method, which is directed in using legal text, court judgment and statutes and other materials draw from primary and secondary sources to explain the research work. The approach adopted is purely theoretical to explain the subject matter of the research. Law library and internet materials were also used as a library of data collection.

#### **METHOD OF DATA ANALYSIS**

The mode of the analysis can be by using an interpretive tool or deductive legal reasoning to evaluate, appraise, critique or overview legal rules.

#### **DATA ANALYSIS**

##### **CORPORATE SOCIAL RESPONSIBILITY OF FIRST BANK OF NIGERIA PLC**

First bank of Nigeria Plc has, for many decades, consistently engages in corporate social responsibility (CSR) interventions to promote the welfare and development of communities at the grass root and national levels, long before the CSR concept become common place.

First Bank's CSR strategy encompasses the Bank's commitment to being a major contributor to the social, economic and cultural development of the nation beyond the provision of financial service to its customers. Through intervention selected focus areas, the Bank is determined to facilitate sustainable solutions to the challenges faced by Nigerians in diverse situations while engaging in constructive and mutual partnerships with the beneficiaries. The focus areas include: education and youth development, sports development, health and welfare, art and culture, entrepreneurial and economic development, and environmental and social development being the top priority focus areas.

- i. Education: the Bank's investment in professional endowment fund and other educational intervention were worth N633.8million.

- ii. Health and welfare: the health and welfare of the citizenry, dwelling basically on the user-needs identification system was worth N35.59 million.
- iii. Sport: our primary focus on sports was the under - FIFA sports sponsorship which the bank sponsored. The sponsorship was leveraged with various marketing and communication activities by the tune of N324.3 million the Bank sum upto N39.1, bringing the Bank's support to N363.4 million.
- iv. Entrepreneurship and Economic development: entrepreneurial and economic development, which is a major focus of the Bank's CSR, was worth N446 million.
- v. Environmental and social issues: this focus area integrates arts and culture, community development and environmental sustainability. The bank's commitments were worth N145.05 million. Construction of the 500- seater theatre at federal University of technology, Minna.
- vi. The lecture theatre would be donated by first bank to the University as part of its endowment structure to provide infrastructure in Nigerian Universities.
- vii. Education and youth development: Education and Youth Development consistently received adequate support. The Bank's investments in the first bank professional endowment in Universities are presently worth N385million. In a re-alignment of the endowment programme, the bank decides to complement these endowments with infrastructure projects. In the period under review, such project was completed in two universities. Our people: by managing our business efficiently and responsibly and collaborating in sustainable and progressive agreements, we have ensure job security and personal development for our staff, our staff grow with us, many move to other jobs within the business, gaining valuable leadership, qualifications and professional skills along the way. Having access to opportunities keep people motivated and committed, delivering great service.

#### **ISSUES OF CSR OF THE NIGERIAN BANKS**

Nigerian Banks have not only been playing the financial inter mediation role, but have been aiding the socio-economic, political and other critical development aspect of the country over the years. Whether in the quantum of taxes and levies paid employment, economic empowerment, health services, sports and recreation, arts and culture, community and human development, among other endeavours, bank in Nigeria have continued to add value. Indeed, their CSR efforts have produced multiplier efforts on all other sectors.

Today, most Banks in Nigeria have specialized departments that address CSR issues. This is a confirmation of the importance attached to the concept by the Banks. Given the role of CSR in enhancing the reputation of a business organisation, Banks in Nigeria have realized the imperative of adopting CSR as a cornerstone of their business strategy. In response to a more competitive operating environment, first Bank embarked on a corporate transformation project focused on driving key, cross-functional initiatives required to deliver on the Bank's aspirations. The central element of this is the pursuit of growth, to be achieved among other means by taking advantage of the "integration engine" to ensure the capture of expected value from the Bank's inorganic growth strategy. We have also commenced a standardization

process to increase our efficiency, speed, accuracy and optimize our overall cost structure ultimately, this requires that we achieve two clear objectives: create superior customer experience while re-focusing branch staff from processing to save: and significantly improve our cost position by optimizing distribution costs and improving customer convenience through enhanced service options.

### **ISSUE OF CSR OF JAIZ BANKS**

From 1990 Bangladesh commenced a move towards a free market economy. A floating exchange rate mechanism was introduced from 2003. yet the capital market of the country has still not fully developed. Although the country is moving toward a free market economy neither government nor private initiatives has been sufficient to promote good corporate governance leading to an acceptable level of corporate social responsibility. However, the jaiz bank as an Islamic bank is trying to establish corporate social responsibility (CSR) in the country's banks.

The bank has initiative in respect of formalizing CSR in the banking sector of Jaiz and issued a directive to the banks and financial institutions on June 01, 2008 in this regard. It defined the strategic objective for CSR engagement, provided some priority areas with a suggestion to foster CSR in their client business, and suggested a first time CSR program indicating some likely action plans. The Bank will monitor CSR adaptation and the CSR performance of banks and finance institutions an adding dimension of their management performance. Also commented that the Bank had the opportunity to provide a series of direction to the CSR agenda of the banking sector when it suggested that banks which are taking measures for rehabilitating agriculture, fisheries, livestock, and protecting the environment will be considered as more compliant of corporate social responsibility.

As an under-developed economy the banking in Nigeria has a lot to do improve the economy and create employment opportunities, such as through sanctioning loans and advances for productive investment with equitable growth criteria. The banks must be cautious to sanction loans and advances according to whether projects are following environmental reporting systems.

### **CORPORATE SOCIAL RESPONSIBILITY OF FIRST BANK OF NIGERIA PLC**

First bank of Nigeria Plc has, for many decades, consistently engages in corporate social responsibility (CSR) interventions to promote the welfare and development of communities at the grass root and national levels, long before the CSR concept become common place.

First Bank's CSR strategy encompasses the Bank's commitment to being a major contributor to the social, economic and cultural development of the nation beyond the provision financial service to its customers. Through intervention selected focus areas, the Bank is determined to facilitate sustainable solutions to the challenges faced by Nigerians in diverse situations while engaging in constructive and mutual partnerships with the beneficiaries. The focus areas include: education and youth development, sports development, health and welfare, art and culture, entrepreneurial and economic development, and environmental and social development being the top priority focus areas.

- i. Health and welfare: the health and welfare of the citizenry, dwelling basically on the user-needs identification system was worth N35.59 million.
- ii. Sport: our primary focus on sports was the under - 17 FIFA sports sponsorship which the bank sponsored. The sponsorship was leveraged with various

marketing and communication activities by the tune of N324.3 million the Bank sum upto N39.1, bringing the Bank's support to N363.4 million.

iii. Entrepreneurship and Economic development: entrepreneurial and economic development, which is a major focus of the Bank's CSR, was worth N446 million.

iv. Environmental and social issues: this focus area integrates arts and culture, community development and environmental sustainability. The bank's commitments were worth N145.05 million. Construction of the 500- seater theatre at federal University of technology, Minna.

v. The lecture theatre would be donated by first bank to the University as part of its endowment structure to provide infrastructure in Nigerian Universities.

vi. Education and youth development: Education and Youth Development consistently received adequate support. The Bank's investments in the first bank professional endowment in

vii. Universities are presently worth N385million.in a re-alignment of the endowment programme, the bank decides to complement these endowments with infrastructure projects. In the period under review, such project was completed in two universities.

viii. Our people: by managing our business efficiently and responsibly and collaborating in sustainable and progressive agreements, we have ensure job security and personal development for our staff, our staff grow with us, many move to other jobs within the business, gaining valuable leadership, qualifications and professional skills along the way. Having access to opportunities keep people motivated and committed, delivering great service

### **CORPORATE SOCIAL RESPONSIBILITY OF JAIZ BANK OF BANGLADESH LIMITED (JBBL)**

Jaiz Bank of Nigeria limited is dedicated itself towards the welfare for the society. It has formed a separate foundation named Islamic Bank foundation with a fun of Taka 38.00 million in order to conduct social welfare activities on a broad scale. Since then, Islamic Bank foundation is carrying the social the social welfare, education health, and Medicare activities on behalf of jaiz bank Limited (JBBL).

The aim and objectives of the foundation are to serve distressed humanity, promote people oriented mass education, extend health and Medicare facilities to the poverty stricken people in urban and rural areas, create facilities for productive self-employment and developed human resources for improving economic conditions and quality of life, assist health growth of art, culture and literature, science and technology, research and propagation of Islamic teachings. The foundation has taken up a number of schemes covering the whole of Nigeria. Islamic Bank foundation has some special project for CSR activities, these are:

- i. Islamic Bank Hospital
- ii. Islamic Bank Medical support
- iii. Community Hospital
- iv. Service centre

### **RATIONAL VIEW OF CORPORATE SOCIAL RESPONSIBILITY**

CSR is an important business strategy because, wherever possible, consumers want to buy products from companies they trust; suppliers want to form business partnership with companies they can rely on; employees want to work for companies they respect, and NGOs increasingly, want to work together with companies seeking feasible solutions and innovations in areas of common concern. Satisfying each of this stakeholder group allows companies to maximize their commitment to another important stakeholder group-their investors who benefit most when the needs of these other stakeholder groups are being met.

The businesses most likely to succeed in the globalized world will be those best able to combine the often conflicting interest of its multiple stakeholders, and incorporate a wider spectrum of opinions and values within the decision making process and objectives of the organisation. Lifestyle brand firms, in particular, need to live the ideals they convey to their consumer: the 21<sup>st</sup> century will be the century of the social sector organisation. The more, economic, money, and information become global, the more community will matter.

### **CSR AND THE STAKEHOLDERS OF A BANK**

Stakeholders are persons or companies that are involved in a particular organisation, project, and system and so on, especially because of the money they have invested in (Oxford advanced learner's dictionary 7<sup>th</sup> edition).the stakeholders of the bank are mainly divided into two:

#### **4.6.1 The primary stakeholders (shareholders, employees, customers and others):**

The owners of firm are among the primary stakeholders of the firm. In organizations has legal and moral obligations to its owners, these obligation include, but are not limited to, emptying to ensure that owners receive an adequate return on their investment. Employees are also primary stakeholders who have both legal and moral claims on the organisation. Organisations also have specific responsibilities to their customers in term of producing and marketing goods and service that offer functionality, safe, and value; to local communities, which can be greatly affected by the actions of resident organisations and to the other companies with whom they do business. Many social commentators also suggest that companies have a direct responsibility of future generations and to the natural environment.

The secondary stakeholders (the government, regulatory bodies, trade union and others):

Organizations are accountable to it secondary stakeholders as listed above. Organisations must also contend with civil and special interest groups that purport to act on behalf of a wide variety of constituencies. Trade association and industry group is also affected by an organizations action and its reputation. The media reports on and investigates the action of many companies, particularly large organisations and most companies accept that they must centered with and effectively "manager" their relationship with the media.

### **THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY**

CSR is a required investment to create sustainable development for the business, because it offers the companies (Banks) an opportunity to bridge the "trust gap" among different stakeholder such as, government, customers, employees, suppliers, investors, and others. Some of the impact of CSR include: to the company: "CSR programmes offer opportunity to build goodwill, affect corporate image and reputation as a result of company's contribution to the welfare of the community, either local or international."<sup>49</sup> She added that CSR enhances growth of investor's confidence in the company's shares. A firm that consistently fulfills its social

obligations makes itself a welcomed member of the community and this may attract customers both home and abroad. According to. The impact of social responsibility on the business environment and government include, to the environment

### **EMERGING TRENDS**

CSR guide explains the emerging trends in CSR<sup>50</sup>. Its explain CSR as a strategy which is becoming increasingly important for business today because of two identifiable trends:

i. Changing social expectations: Consumer's and society in general expect more from the companies whose products they buy or service they receive. This sense has increased in the light of recent corporate scandals, which reduced public trust of corporations and reduced public confidence in the ability of regulatory bodies and organisations to control corporate excess.

ii Globalization: the growing influence of the media sees any mistakes by companies brought immediately to the attention of the public. In addition, the internet fuels communication among like minded groups and consumers empowering them to spread their message, while giving them the means to co-ordinate collective action (i.e. a product boycott).

iii These two trends combine with the growing importance of brands and brand value to corporate success (particularly lifestyle brands) to produce a shift in the relationship between corporation and consumer, in particular, and between, corporation and all stakeholder groups, in general. The result of this mix is that consumers today are better informed and feel more empowered to put their beliefs into action. From the corporate point of view, the market parameters within which companies must operate are increasingly being shaped by bottom-up grass root campaigns. NGOs and consumer activities are feeling, and often driving, this changing relationship between consumer and company.

### **SUMMARY OF FINDINGS**

It is very essential at this point to give a summary of the findings in order to give an exhaustive views of the exercise. The main focus of the study was to determine and analyzed the corporate social responsibility of Nigerian banking sector, using first bank of Nigeria Plc and Jaiz bank Limited as a case study. At the beginning of the study, the background of the study, statement of research problem, objective of the study, and organisation of the study were stated. The reviewing of some literature that are similar to the research work were not left out. The work was basically conducted to find out if First Bank of Nigeria Plc and Jaiz Bank Limited embark on CSR, if CSR has any significant impact on the Banks profitability and to know if there is any challenge face by the Bank for embarking on CSR. In carrying out the study, primary and secondary sources of data were made of in gathering relevant information from the information gathered; it was found that as CSR of the bank increase, there was a corresponding increase in profit of the Banks.

Finally after concluding the work, the following were found:

- a. Corporate social responsibility is an accepted practice by both the Bank and members of the host community.
- b. Corporate social responsibility also guarantees the consumer's confidence and security of depositor's funds.
- c. There has been increasing amount spent on CSR annually by the bank and a corresponding increase in the Banks profit records.

## **CONCLUSION**

From the research work and findings collected, I concluded that corporate social responsibility has a significant impact on the profitability of banks and it is a positive impact, which includes good business relationship, goodwill among others.

It is also clear that, the First Bank of Nigeria PLC as a conventional bank which operate an interest banking operation and establish banking on a debtor-creditor relationship. The conventional theory of CSR believed that companies, as a business setup, should take optimal profit making for the shareholders as their most fundamental objective. The realization of the benefits of any other concerned parties who are under the influence of a company's behaviours should not be deemed as the corporate objective.

Maximizing the interests of the shareholders of the company is the most important objective that a business organization of the bank should achieved with the overall social environment. And the bank as a business organization, should consider profit making as the corporate objective.

However corporation share have obligation to help certain social problem, for instance the Bank share have obligation of making donations to education or charity organizations.

In contrast, jaiz Bank Limited as a bank that established under Islamic is made to operate under the Sharia Banking System, it is committed as conduct all banking and investment activities. On the basis of interest-free-loss sharing system and naturally gained by the principle of the Holy Qur'an and the Sunnah. It's also provides an Islamic alternative view to western views of CSR. The Islamic worldview stands in stark contrast to many western philosophical constructs and other theoretical justifications of CSR since it views social responsibility in a holistic way that ultimately grounds Muslim Moral and ethical judgements on Islamic principle of Sharia. The Islamic worldview as discussed within the context of the God-Consciousness (Taqwa) paradigm severs as a foundation for understanding the position of Islam on CSR.

To conclude, the concept of CSR is not a subject alien to Islam, as it is deeply inscribed in Shari'ah. Islam, via the concept of vicegerency (Khalifah) envisage business firms as stewards or caretakers, not just of shareholders financial resources, but also of society's economic resources, holding their property in trust for the benefit of society as a whole and ultimately attaining the blessing of God.

## **RECOMMENDATIONS**

Having review CSR and as it relates to banks performance with regards to the commitment of the bank, the research work therefore proposes to recommend the following suggestion which would bring impact of CSR;

- i.** CSR projects deserve greater attention and more commitment from corporate organizations.
- ii.** CSR projects should be well structured and implemented to have maximum impact. This would enhance the well-being of the beneficiaries.
- iii.** There should be co-ordination and collaboration of efforts and resources among corporate organization in certain CSR projects where synergy is likely to have greater impact or where such project are capitals intensive.



Corporate organization should intensify efforts to educate the public on their primary responsibilities varying commitment to other stakeholders and operational/financial limitations.

Attention to be paid to CSR auditing in either not to reduce government revenue through taxation and collaborate the regulatory task of government in the business world.

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