

Impact of CRS on African Developing Countries in comparison

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Abstract: This study investigates the impact of corporate social responsibility (CSR) practices of multinational companies (MNCs) on African developing countries, providing a comparative analysis with developed nations. The research draws from a decade of peer-reviewed articles and scientific literature to highlight the complexities and variations in CSR implementation across different cultural contexts. Key findings are organized into five themes: the conceptual framework of CSR, social contributions amidst conflicts of interest, stakeholder expectations, the hindrance of poor leadership on local economic development, and compliance challenges. The study reveals that while MNCs have the potential to significantly contribute to local economies, alignment with community needs and expectations remains insufficient. This underscores the necessity for MNCs to build strong, reciprocal relationships with stakeholders to bridge the gap between corporate intentions and community realities. The insights gained aim to inform dialogue among policymakers, businesses, and communities to promote more effective CSR initiatives that advance sustainable development in African nations.

Keywords: MNC, CSR, developing countries.

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1. Introduction

As the world evolves into a global village, reducing disparities among nations has become imperative. Multinational companies (MNCs) are established with the mandate to transfer technology, share best practices for developing conducive environments, create job opportunities, and provide goods and services that are not locally produced and make life easier for all. It is common knowledge that the Multinational Companies has an obligation to protect environment as part of their package to negotiate for a license globally. Each organization established have an objective to go beyond the interest of the firm and that shall required by the guideline in place of corporate social responsibility (CSR). It shall be a win-win situation to avoid a situation where organization benefit more at the expense of the society it operates. However, sometimes on the developing countries guidelines on corporate social responsibility is not readily available or transparency enough to be utilized. These corporations face an evolving landscape where they must navigate corporate social responsibility (CSR) guidelines while pursuing their profit motives. In fact their successes should not come at the expense of the societies in which they operate a reality underscored by the global obligation of MNCs to protect the environment and promote social welfare.

Research indicates that the integration of CSR can enhance the relationships between MNCs and local communities, positively influencing both corporate reputation and social outcomes. However, many developing countries suffer from a lack of understanding regarding the framework and expectations of CSR, which often leads to friction between MNCs and stakeholders. Despite the potential for MNCs to act as agents of change, the current implementation strategies sometimes fail to translate into

meaningful economic and social benefits for local communities. This frustrated the stakeholders and sometimes MNCs experienced disruption of business activities in some countries. The significant of the explanatory study is targeting to provide the information on the corporate social responsibility of multinational companies to the developing countries in comparison. This shall be done by review the phenomena through desktop research. Though developing countries systematically recognized fit as host site for multinational companies. Developing countries have a little knowledge on framework of the multinational companies on corporate social responsibility. It is against this background the study undertaken

The inquiry question of the review

How do Multinational Companies of CSR practices improve the corporate - community relationship to overcome the disparities between developed and developing countries simultaneously?

2. Methodology

The study on impact of MNCs companies gathered through desktop research. The review covered peer review papers and publication within the past 10 years from 2011 to 2020. The articles used, are from the different scientific research sources and research essay such as Issues in Social and Environment Accounting, SAGE, CEPR, MDPI, Sciendo, Walden University, Advances in Social Science Research Journal, Community Development Journal, Strategic Management Journal, An international Journal of Business Management, International Journal Corporate Social responsibility, African Journal on Conflict Resolution, Internal Journal of Business Administration. The Business Management Review, Journal of Economic Behavior

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& organization, KGG Working Paper, International of Process Management and Benchmarking, Oman Chapter of Arabian Journal of Business and Management Review, Studies in Sociology of Science, that echo the multifaceted dimensions of CSR in various contexts and culture.

The purpose of the explanatory study is to find out why the Corporate Social Responsibility of Multinational companies matter to developing countries in comparison. It concentrates on using secondary research which done previously to shed light on the topic and make it to understood by the actors of different economies. Although it will not give a straightforward way to lagging countries, it will create a foundation on why it is significant to all stakeholders and what can be done to change the status quo for betterment.

3. Result and Discussion

The findings of the review of the articles have grouped to provide information in five themes such as follows conceptual framework, social contribution against conflict, Stakeholders expectation in developing countries in comparison to developed countries, Poor leadership slow local economic development benefit form MNCs and compliances.

a) Conceptual framework

It is significant to all the actors in economy to understand in depth of the concepts around the modern business pertaining the Multinational companies from developed countries and improvement of socio-economic development of developing countries. Different stakeholders perceive CSR through various lenses. Understanding CSR's varied interpretations is vital. As there is no general definition agreement up on the concept, for the corporate social responsibility to implemented successfully. There is a need to have a reciprocal understanding of social responsibility of CSR to serve as a guideline in the process. CSR linked to a good spirit environment to adjust citizen integrity and sustainable, and corporate ethics to promote the social activities in the surrounding they operate (D'Aprile & Talo, 2014). Corporate Social Responsibility (CSR) is fundamentally associated with fostering an environment that nurtures community integrity and sustainability while upholding corporate ethics that encourage active social engagement in local areas.

While Certanec (2019) specified CSR as a "concept whereby business entity voluntarily incorporated social, environment and ethical standard into their operation to enhance the lives of employees, the local community and society as a whole" (Certanec, 2019). Certanec argues that CSR is a voluntary framework through which businesses integrate social, environmental, and ethical standards into their operations, thereby striving to improve the quality of life for employees and the broader community. Simply because in developed world concept are well understood because it is originated.

While stakeholders were intellectualizing as a team of people with shared interest in a business and must have each other mutual knowledge to achieve the common objectives of affairs (Omeoga, 2020). Stakeholders are defined as individuals or groups with a shared interest in a business, and it is essential that they cultivate mutual understanding and collaboration to effectively pursue shared objectives

Dandago & Arigu (2014) highlight that, there are four push factors that motivate MNC to invest in the CSR activities and make

part of their strategy on the grounds. It is lowering the risk of operating into a host nation. It is also looks after the obligation of the consumers that leading in return to the customer loyalty and it is enhancing connections between the community and corporations. There is empirical evidence that MNC are placing more effort on the implementation of CSR activities in the host country (Dandago, Arigu, 2014). Empirical research indicates that MNCs are increasingly committing resources to effectively implement CSR initiatives within their host countries, reflecting a growing recognition of its importance Every corporations authorized to operate must have social responsibility for their social-economic-growth plan which includes charitable activities giving back communities by improving social security and fulfill the legal framework for the host nation (Carrol, 2016). It is imperative for corporations to embrace social responsibility within their socio-economic growth plans, which should encompass charitable activities that enhance community welfare and comply with local regulatory standards.

Merits of MNCs to developing countries is to strengthen transferring knowledge and sharing the workplace environment best practices to competing in the global marketplace and economic growth (Godart & Gorg, 2013). The presence of MNCs in developing countries offers significant benefits, particularly through the transfer of knowledge and the sharing of best practices in workplace environments, thereby enhancing competitiveness in the global market and fostering economic growth.

It has understood that African Continent valued as relevant to host MNC and there is a little knowledge on CSR activities (Gorge et al, 2016). The African continent is recognized as a strategically relevant region for hosting MNCs; however, there is still a relative paucity of knowledge regarding CSR activities in the area, indicating a need for increased awareness and engagement It emerged that Multinational Operations (MNE) as well as international subsidiaries are contributing about one-third of the world production and remainder for transnational (Backer & Miroudt, 2019). Recent findings suggest that multinational enterprises (MNEs) and their international subsidiaries account for approximately one-third of global production, highlighting their critical role in driving international economic activity.

b) Social contribution against conflict of interest

While MNCs like oil corporations generate economic benefits, they often do not translate these into tangible community gains, particularly in regions rich in natural resources Multinational operations concentrate on improving CSR activities that brings a change in the society of functioning and thought is essential and in shape to expand their business and is a win-victory situation. (Musa et al, 2013). Multinational corporations in extracting natural resources such crude oil recognized as economic benefit but have not translated to yield positive developments in their eyes of indigenous communities (Enuoh & Inyang, 2014., Obi,2015). Oil companies such in Nigeria distribute financials on CSR activities but the community do not understand whether they are confident with tangible outcome that has achieved (Ojo, 2012). This can happen elsewhere if community are not engaged appropriately to contribute on strategies on financial on CSR activities can be allocated as they are the expert of their problems and how do they want to resolved. Study reveals that certain communities lose trust in the government for their failure to safeguard natural resources exhausted for future generations against Multinational Operations (Dandago & Arugu, 2014). It is also noted that there is conflict of

interest for the interpretation of the MNC in its implementation of CSR targets in host communities (Adewole, 2018., Nwoke,2016).

4. Stakeholders' expectation in developing countries in comparison to developed countries

Misalignment of CSR initiatives and community needs fosters resentment. Inadequate communication can lead to unrest, as communities may feel marginalized and sidelined. It remarked that there is not a good reciprocally relation between stakeholders and multinational companies, though the works of MNC has communicated through foreign policies, thus way stakeholders engagement is crucial for building trust (Enuoh,2017). To avoid situation whereby the stakeholders felt their expectations are not meet through CSR activities like in housing sector, education sector and social welfare in general. (Enuoh, 2017). Groups of interests if they are not well informed on CSR activities, they can cause harm, interference in corporate activities and is always the cost borne by the MNCs and by the Government of the host countries (Ajodo-Adebanyoko, 2017). Order to enhance on understanding between the interested parties, MNCs does not use shaped throughout the world CSR as it is, but it needs to integrate to local needs since nobody solution suitable for everyone. This provision brings the positive change to viewed between the community and can transmitted through social networks address effectively in developing nations such as educational sector, philanthropic , housing as well as for sustainability (Stanislavska et al, 2020). Research shows that the culture in Africa has a role in underlines a large part of the notion of CSR on the continent (Udemudia, 2011). It can be also a win-win situation if host countries can also prepared for change, adapt to contribute to global CSR strategies that may yield better outcomes, give emphasis to the necessity for MNCs to tailor their CSR activities to local contexts.

5. Poor leadership slow local economic development benefit from MNCs in comparison.

Weak local governance can obstruct the potential benefits of MNC operations. While effective leadership plays a key role in enhancing the impact of CSR initiatives, yet insufficient accountability may result in wasted resources and lost opportunities for local development .The study done by Adewole (2018) on corporate social responsibility reaffirm that interruption of operating activities and the damage caused by communities at some point it influences the governance of the MNCs particularly in the Oil sectors to abort business (Adewole, 2018). Though the natural environment of both developed and developing may not be able to vary, but in the leadership position towards social accountability and the different in understanding and belief does impose challenges for CSR practices in developing countries (Idemudia, 2011)

6. Compliance and transparency

For MNCs to effectively integrate into the local socio-economic on fabric, food and oil production, robust compliance frameworks are essential to be in place. To underscore the necessity for transparent operations to foster trust among communities. Enuoh (2014) stressed that firmness, sovereignty, and economic well-being identified as guidelines to comply with, but this is impossible to enforce power with nothing but require a transparency law to be intelligible to facilitate the application of CSR successfully (Enuoh, 2014)

7. Conclusion

The world is dynamic as it moves to become a worldwide settlement with a discrepancy among nations that require to diminished. CSR has different meanings and significance different for different people. The study on MNCs operations is contemporary landscape of globalization necessitates that MNCs recognize and substantiate their CSR commitments within African developing countries It was revealed that part of the objectives of why multinational companies are founded is to forward technological , to propose the best ways of enabling environment, job creation capabilities and deliver goods and services which are not local manufactured by makes life easier for all in the world. International operations strengthen on enhancing CSR actions which brings a transformation in the humanity of working and thinking is crucial structure to grow their enterprises and is a victory-victory condition. Nevertheless, it is essential that all participants in the economy to understand in depth of the theories from around the contemporary industry that have an impact on Multinational corporations and t strengthening of socio-economic advancement. . A deeper grasp of local contexts, combined with strategic alignment of corporate initiatives and community needs, holds the potential to foster sustainable development. While the dynamism of CSR reinforces its relevance, ensuring participatory approaches and transparent communication will be pivotal in bridging the gap between MNCs and local populations Parties of concerns if they are not well notified on CSR actions, they can cause destruction in commercial activities and is always the cost incurred by the MNCs and by the Administration of the host nations. Though the natural environment of both developed and evolving nations may not be able to fluctuate, but the leadership position towards community accountability and the unlike in understanding and belief does impose challenges for CSR practices in developing countries. With the right frameworks in place, CSR can evolve into a lever of transformative change that elevates not just corporate performance, but also the well-being of the communities that host MNC operations

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