

# Cooperative Societies and Corporate Social Responsibilities (CSR) Opportunities for Rural Developments in Africa

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## Abstract

As the quest for multi-stakeholders' approach to the development of rural communities across Africa becomes intensified in view of reduced government efforts due to dwindling resources and high competing demands from other sectors, the paper examines available opportunities for rural development through CSR programs of cooperative societies. It observes that corporate social responsibility programs of cooperative societies have not been adequately reported and emphasized by researchers cum development experts. It amplifies available corporate social responsibility platforms by cooperative societies that have contributed significantly at fast-tracking developments in rural level across Africa. It concludes by identifying specific corporate social responsibility interventions for rural development across Africa through cooperative societies.

**Keywords:** Cooperative societies, Corporate Social Responsibility, Rural Development, Africa.

## 1.1 Introduction

According to the international labor organization (1957) cooperative was defined as a group of persons who have pooled themselves and their resources on the basis of common felt need, self-help, natural equitable and democratic control basis to form a business enterprise which seek to solve the socio economic problems of the members by directing, providing them with goods and services in the double capacity as either owners, workers or both in that cooperative society where they belong. To International Cooperative Alliance, it is an association in which people comes together without any coercion but bonded together because of their needs, the people willingly come together to meet their needs by pulling in their resources making it easy to accomplish what may not be achievable by individual. It is devoid of oligarchy and authoritarianism. This is demonstrated intensely in their election and voting for decisions taken during their various meetings.

Cooperatives are self-help organizations based on equity and equality. They practice honesty, openness and social responsibilities in all their activities in order to enhance the credibility of cooperative as democratic institutions. Cooperative is significant in membership social and economic empowerment in any rural, society or country and to improves the standard of living of the members and to make life more comfortable for them, thereby eradicating and reducing poverty especially in the developing and underdeveloped of which Nigeria is not left out. In this wise, cooperative ensures that members are being empowered and promoted in various means organizing seminar, educating them on how to be self-employed so that they will be able to contribute their own quota in the country's development. Cooperative also promotes thrift among members and creates funds for their members in terms of giving members loans which enhances capital formation. Though in the olden days other forms of cooperative existed which are called the traditional forms in which the members help each other on their farm land on rotational basis all in an attempt to better their lots.

At the down of the industrial revolution in 1844 when the economic situation was very terrible, people work tediously with meager pay from the wealthy industry owner. 28 of the workers came together in other to gain financial strength to improve their lots by jointly pulling their resources together to buy their needs which was deposited in the consumer shop for members to patronize when the need arises. The members jointly agreed to accept all responsibility that crop up from the business. The society was named the Rochdale Equitable in 1844. The merits associated with this society enhanced its fast growth basically out of which are :easy formation, limited liability, low overhead cost, stability, open membership socially desirable and reasonable price. By 1845 the society has increased to 74 and 3,450 in 1860 with more than 1 billion members around the world. Adedayo (2006). Apart from engaging sizeable number of people in their respective local areas of operations, Cooperative societies have successfully leveraged on the growth and development of communities and societies across the globe particularly in developing countries. One of the major platform by which this is achieved is through corporate social responsibility platform.

The Corporate social responsibility (CSR) platform involves effort of business activities at effectively developing mutually beneficial relationship with the societies in which they operate. It is also a way in which business gives back to the society some forms of assistance and other legitimate offering that are due to relevant stakeholders. The areas that are covered by corporate social responsibility (CSR) platform are many. It includes environmental efficiency projects, concerned on human rights, diversity in jobs and employment opportunities, upholding shareholder interests, investment reporting and supply chain control, provisions of physical infrastructure scheme, economic empowerment and commitment to sustainable business practices in operating areas. The principle of corporate social responsibility (CSR) involves varying definitions, with different sets of goals and complex corporate policies, but most importantly, it is about business acknowledging the fact that it is not divorced from its operating society. The underlying assumption of corporate social responsibility (CSR) is that society and business are interdependent and each partner must be assured of mutual understanding and responsible behavior. The role of business in shaping the future and making proactive contributions to societal development has been recognized and is also being encouraged by society through assurances of cooperation.

Interestingly, there is an emerging approach to Corporate Social Responsibility practices. The approach to corporate social responsibility (CSR) practices seems to be increasingly defined by existing dichotomies in global economic developing configurations. In the developed countries for instance, the focus of corporate social responsibility (CSR) dwells mostly on designing programs that will make business operate in acceptable relationship with stakeholders. In the United States for instance, corporate social responsibility (CSR) is defined much more in terms of philanthropic model. Companies make profits, unhindered except by fulfilling their duty to pay taxes. Then they donate a certain share of the profits to charitable causes. In Europe, the focus of corporate social responsibility (CSR) is predicated on operational model in which business in doing their thing is expected to act in a socially responsible way, complemented by investment in communities. Nevertheless, in African developing countries where there are critical challenges of infrastructural deficits, unemployment, and excruciating poverty and under development, the focus of corporate social responsibility (CSR) is anchored on how to assist African societies and institutions particularly local communities in the arduous task of instigating growth and development. There are critical development issues in developing countries that require corporate social responsibility (CSR) pro-active interventions. The development challenge in Africa cut across helping communities and societies to rebuild education, massive infrastructural interventions, human capacity development particularly at Rural level and also the need to render assistance in health, social, agriculture, sports among other sectors. Specifically, due to high rate of poverty, infrastructural decay, system failure, illiteracy, inflation, unemployment, low standard of living (Less than one dollar a day) malnutrition, in African developing countries, there is a growing interest and concern on how businesses should take the lead in helping to address and solve societal problem particularly in areas where national government have failed to come up with a solution. Hence, there is growing pressure on business to play a role in social issues in the developing countries. Corporate Social Responsibility (CSR) therefore is an emerging corporate creed to which Cooperative societies subscribes in order to make its impact on society. It is a veritable platform for contributing to sustainable growth and development in areas where corporations operates. Aside from its usage to solve multifarious problems of developments, it has been discovered that CSR is also one major source of company's sustainability. It helps to promotes good corporate image, engender support and guarantee interested patronage. Companies that practice CSR enjoy robust relationship in the communities where they operate. In fact, it has been proved that long time profitability of corporate organizations depends on the extent of their visible CSR activities.

#### **1.1.1 Purpose of the Study**

The study examines corporate social responsibility practices (CSR) of cooperative societies in developing countries. It articulates essential corporate social responsibility (CSR) activities of cooperative societies that are being used to drive development activities of rural communities across Africa in view of pervading poverty and underdevelopment crisis. It identifies the lingering challenge of making CSR activities of cooperative societies work effectively for African rural developments. The study concludes by identifying typical CSR cooperative societies' window of opportunities and interventions that are available to rural community development associations in order to address African development challenge.

#### **1.1.2 Review of Related Literature**

##### **CSR Practices and Poverty Crisis in Africa**

There has been admixture of various CSR policies and programs that are observable in Africa. For instance, we have the stakeholders' approach which emphasis involvement of relevant stakeholder particularly lost communities in CSR activities of companies. This approach is the most effective and efficient way because of the impact it has on both the companies and targeted CSR beneficiaries. However, this approach is rather superficial across African development countries. Stakeholders particularly communities in African countries are rarely involved or not equipped enough to enjoy the benefits of engagement with companies. Instead, companies seem to prefer philanthropic approach to CSR practices. The, philanthropic model is the most commonly used approach in African developing countries. Under this approach, companies allocate certain amount of resources

for intervention into some identified programs in communities in their jurisdiction based strictly on philanthropic gestures. The approach merely engages in periodic contributions of what the companies thought the communities would need. Often times, this approach may not follow any clear format from the perspectives of beneficiaries. This is why it may seem that despite enormous resources claimed by companies to have been invested in CSR practices in African communities, the effect of such intervention are not apparent to most beneficiaries and host communities. Asolo (2010). This is however does not remove the fact that a lot is been done by companies to impart African communities through CSR interventions. People have accused the CSR practices based on philanthropic model across Africa as being unnecessary diversionary, insincere, discriminatory and of no meaningful impacts to targeted communities. In Nigeria for instance, most companies particularly shell Petroleum Development Company (SPDC) become frustrated despite the huge resources they have claimed to have committed to CSR practices. They have continued to record hostilities from their host communities; the resultant hostilities have threatened growth and sustainable development. Adeyeye (2009)

Since the bulk of CSR practices in Africa are hinged on philanthropic model, it is apparent that companies have successfully made the best use of CSR opportunities to impart communities in African developing countries. It is therefore not surprising that the major effects of CSR interventions are meant to instigate development one way or the other. Corporate social responsibility programs often suffer lack of synergy between companies and concerned host communities. Essentially, most companies lack adequate knowledge of possible areas of development interventions at the community level. They often display lack of deep appreciation of the peculiarity African development challenges. In most instances, companies seem to focus on stop-gap philanthropic measures to address community under development problems. The community, on its part however requires development interventions that are more sustainable and growth oriented. Africa desire practical interventions that clearly address obvious development lacuna in their daily lives. While the CSR agenda of big companies does not properly situate this in its prosecutions, the usually unreported CSR activities of small scale cooperative societies has provided a template of how CSR can be used to instigate development in African rural communities.

### **1.1.3 Using Cooperative Societies CSR Practices to drive Rural Development in Africa**

CSR opportunities are critical to rural development in Africa. The various reports international of conference on using businesses to advance world benefits have consistently underscore the role of businesses in taking the lead as major drivers of development. The report also concur that the surest avenue through which this can be achieved is corporate social responsibility programs of multinationals and businesses. The concept of rural community is described as group of people, and interests who live in the same area or town having community spirit and desire even as they share proximity in terms of infrastructure, social services, environment etc. The community is the foundation of every nation. Hence every nation and society, realizes the need for improved communities through meaningful development programs. State and nations also acknowledge the need to undertake programs that enhance standards of life of community inhabitants.

Until recently, the task of development is thought to be the exclusive responsibilities of governments. However, the problems of dwindling resources and competing demand on the part of government have led to a new approach to rural development. This is the multi-stakeholders approach. The essence of multi-stakeholders approach is to ensure that individuals, groups who benefits directly or indirectly from communities should not sit on the fence. Instead, they are morally obliged to also contribute meaningfully to the growth and development of communities.

Corporate social responsibility programs cooperative societies therefore fare better because they work with and engage relevant communities. Essentially, Cooperative societies are able to avail themselves the platforms of rural development associations; they no doubt were able to avoid most of the many pitfalls that have continued to militate against effectiveness of other corporate organisation across Africa. Cooperative societies particularly the informal ones that are scattered across African communities maintain strong links with the operating communities. They initiate constant engagement by so doing; cooperative societies are in good position to understand first hand development needs of rural community. They did not just understand the problems of community, cooperative societies; also liaise with rural communities in order to properly aggregate and prioritize needs that are more germane. Cooperatives activities are in tandem with bottom-top approach that guarantees effectiveness in development facilitations. By so doing, they ensure they understand the individual needs of each community because every community does not have the same need. Essentially, Cooperative societies across Africa have pro-actively intervene by providing development assistance in so many areas for the development of rural communities and in these areas, the effects and impact of their corporate social responsibility can be felt.

Some common areas of CSR opportunities for rural developments by Cooperative societies across Africa are categorized as follows:

#### **Physical infrastructure**

- Building of access road

- Maintenance of parks
- Landscaping
- Rural planning schemes
- Facilitation and provision of electricity
- Building of social centers/community hall
- Provision of pipe borne water

#### **Educational Development Activities**

- Building of schools in communities
- Rehabilitation of old schools
- Provision of library resources
- Constructions of toilet facilities in schools
- School Adoption programs.
- Scholarship schemes
- Provision of learning aids
- Establishments of special innovation centers
- Teachers training schemes
- Provision of chairs, tables and other school classroom conveniences
- Painting of schools
- Sponsorship of games such as inter-house sports

#### **Social Development Activities**

- Sponsorship of Rural development day
- Support to programs that enhance community social development
- Visits and making presentation to social institutions like traditional rulers
- Adequate support during community cultural day
- Special programs for the Aged/Children/Mothers
- Community Emergency Program's Sponsorship.

#### **Youth Development Activities**

- Provision of Employment to the Youth of the Community
- Skill Development Activities.
- Contribution to Youth Development Organizations
- Youth enlightenment programs e.g. HIV/AIDS/Leadership Trainings.

#### **Economic Activities**

- Employment provision to the community
- Payment of appropriate taxes to local and community authorities
- Provision of goods and services
- Workers of the companies' patronage of local market for food and other requirements

#### **Empowerment Activities**

- Poverty alleviation
- Providing food security
- Agricultural development
- Transfer of skills
- Provision of soft loans to citizens of communities

#### **1.1.4 Conclusion**

As the above programs are been carefully prosecuted within concerned host communities across Africa, cooperative societies have significantly helped to enhance African development level. It is quite obvious that Africa have not maximized corporate social responsibility instigated development assistance from available cooperative societies. This is why there is low reportage of the roles of cooperative societies' corporate social responsibility to development facilitation. Most cooperative societies have consistently used the right approach in their corporate social responsibility expeditions and this account for incidences of infrastructural developments in African rural setting.

In order to maximize this trend, there is greater need for cooperative societies to partner and engage relevant community development associations. Community development associations provide contiguous platforms for effective delivery of corporate social responsibility activities in Africa. Aside, development issues that span across physical infrastructure, education, health, social and youth empowerments are available at the community level for appropriate interventions by corporate social responsibility programs of cooperative societies. The synergy between Cooperative societies and community development associations shall ensure effective optimization of investments in corporate social responsibility activities for sustainable growth and

development in Africa.

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