

## EMPLOYING CORPORATE SOCIAL RESPONSIBILITY (CSR) TO PROMOTE OPEN AND DISTANCE EDUCATION IN ICDE COUNTRIES

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### Abstract

Engaging resources of business organisations in profit generating activities in order to increase the worth of the organisations' shareholders is mostly a major concern of business managers and entrepreneurs. However, the need to give back to the society where such profit is generated led to Corporate Social Responsibility (CSR) debates among business managers and academia as well as policy makers. CSR is part of business ethical behaviour of profit making organisations, as businesses must not only continue to generate profits for survival but should also comply with laws in their countries of operation. Using Secondary data on CSR policies and their contributions to economic development in some countries from Europe, Asian and African continents; the paper found that CSR has contributed and is still contributing to development in different sectors including education. Albeit, Open and Distance Learning (ODL) education is not a priority. It also found that CSR in some International Council for Distance Education (ICDE) member countries is more of philanthropy support rather than governmental legislation or policy. This paper therefore advocates for enforcement of CSR legislation in ICDE member countries requiring business organizations to set aside certain percentages of mandated CSR contribution from their profits for scholarship schemes for ODL students and sustainable developments for knowledge-based economies.

**Keywords:** Corporate Social Responsibility; Open and Distance Education; Knowledge Based Economy; Business Ethics, Philanthropic Support

### 1. INTRODUCTION

The concept of CSR has become extensive and diverse covering differing dimensions such as economic, educational, environmental, social and different stakeholders such as employees, community or society, consumers *inter alia*; surrounding organisations that adopt the concept. A key dimension of CSR is volunteerism where an organisation that upholds CSR as a policy goes beyond legal obligations to the country where it operates and engages in voluntary acts not mandated by law in order to improve the relationship between it and the society, its environment and to positively contribute to economic growth and development particularly in the area of man-power development and knowledge acquisition. World Bank (2003) posited that "CSR covers a wide range of issues relating to business conduct, from corporate governance and environmental protection, to issues of social inclusion, human rights as well as national economic development". However, due to profit insatiability that has led some corporations into corporate misdeeds that are anti-social, there is the need to drag corporations into the culture of CSR. In his own explanation, Frederick (2006) opined that managers and directors of corporations are usually driven by greed to seek "profit before people".

Consequently they not only disregard public interest but also get involve in anti-social corporate misdeeds. Hence, there is the need to enforced corporations into compliance with political and social directives. CSR is

a way to curb such anti-social behaviors of corporations. CSR has contributed to education sectors in many countries; however this contribution has not been extended to ODL education. The role of ODL in man-power development and knowledge acquisition is becoming increasingly important. However, government involvement and allocation to education in some countries for instance Nigeria and some other developing countries in ICDE member states may not be supportive as expected in achieving mass literacy and man-power development required for sustainable economic growth and development of knowledge-based economies. The inclusion of the excluded in the society through ODL has been advocated for by researchers, academia and policy makers. Thus, business organisations in each ICDE countries may become useful tools in solving social-economic problem and enhancing sustainable development for knowledge-based economies through provision of a certain percentage of the legislated CSR funds basically for ODL students in different fields of studies at each ICDE member countries. Subsequently, organisations' positive impact is not just felt by the environment where it operates but also by the people in that society or community where it is situated, its employees and all those who are stakeholders. This research therefore encompasses economic and societal dimensions as well as ODL educational dimension which hitherto has not been included by most researches on CSR. It concludes that enforcement of ODL educational dimension through scholarship schemes for ODL students in ICDE member countries deserves an important attention to improve man-power development in each member country and engender the inclusion of the excluded in the educational scenery. The paper is divided into six sections: Introduction; Definition of Concepts; Underpinning Theory and Method; ICDE Member Countries: A Review; CSR Policies and Contributions to Development in some ICDE Countries; Recommendations and Conclusion.

## 2. DEFINITION OF CONCEPTS

CSR has been given various definitions because a single definition may be too abstract. However, these definitions have shown similar meaning that is central to the self-understanding of the concept "Corporate Social Responsibility". Using the 8<sup>th</sup> edition of Oxford Advance learner dictionary meaning of the each words, this paper define CSR literarily as practice or behavior of corporations or organisations that are of socially responsible in nature to their host communities. However this may not reflect the precise meaning of CSR as understood by government, organisations and international corporations. Manakkalathil and Rudolf (1995) defined CSR as the duty of the organization or corporation to respect individuals' rights and to promote human welfare in the course of its operations. Frederick (2006) reported the definition of Abrams (1951) of CSR as a business system that enables the production and distribution of wealth for the betterment of its stakeholders through the implementation and integration of ethical systems and sustainable management practices. Bowen (1953) defines CSR as the obligations of business to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of the objectives and values of our society. World Business Council for Sustainable Development WBCSD, 2002) definite CRS "...as the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life." The European Union (EU) defined CSR as a concept whereby companies or corporations integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis (EU Business, 2006). Gesellschaft fur Technische Zusammenarbeit (GTZ) (2009) gave its own definition: "CSR refers to the accountability of companies, to both share-holders and stakeholders, for their utilisation of resources, for their means of production, for their treatment of workers and consumers, for their impact on the social and ecological environment in which they operate and for the way in which they exercise their legislative and fiduciary duties". While UNICEF (2013) defines CSR in general as "referring to a company's responsibility when it comes to the impact of its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere." Consequently, the scope of activities included in CSR programmes is wide and subject to debate; however, most definitions include three key pillars of economic growth, ecological balance, and social progress (WBCSD, 2007). This is similar to the mission statement of most organization as could be seen from Table 1.0 below.

**Table 1.0 Organisational Mission Statement**

<b>Social and Environmental Mission</b>	<b>Product Mission</b>	<b>Economic Mission</b>
Part of being a responsible company is working hard to help solve the world's environmental	To make, distribute, and sell the finest quality products with a continued commitment to	To create long-term value and capture the greatest opportunity for our stakeholders by

<b>Social and Environmental Mission</b>	<b>Product Mission</b>	<b>Economic Mission</b>
problems and, importantly, also helping those who buy products to make more responsible choices.	promoting business practices that respect the Earth and the environment.	delivering sustainable, profitable growth in sales, earnings, and cash flow in a global company built on pride, integrity, and respect.

Source: <http://www.saylor.org/book>

Subsequently, most definitions of CSR revolves critically round the issue of interdependencies between corporations and society, human rights; corporate ethical behaviours, environmental protections, economic growth and development, equal-opportunity-for-all; social inclusion, among others. Meanwhile 'Stakeholders' are those who can be referred to as members of public sphere. There are two types of stakeholders under the CSR concept, the organisation or corporation's stakeholders and the societal stakeholders. For the purpose of this research, Organisational stakeholders include the employees, shareholders and suppliers. While societal stakeholders include: consumers, individual or institutional investors, civic society and the communities at large, academics and the regulators.

### 3. UNDERPINNING THEORIES AND METHODS

Theorists like Parsons (1961), Heald (1988), Brummer (1991), Carroll (1994, 1999) and Frederick (1987, 1998) have delineated different classification of CSR theories ranging from business motive, its relation to profits, group affected by its decisions, socially conscious, charitable contribution, type of effect, expressed or ideal interest, conceptual transition from the ethical-philosophical concept to a recent classification by Garriga and Mele (2004). They classified CSR theories into four based on business-society nexus as: *instrumental*, *political*, *ethical* and *integrative* CRS theory. Instrumental theory considered only the economic factor of business-societal relationship. It assumed that the corporation is an instrument for wealth creation and that this is its sole social responsibility. Political theory emphasis organisational relationship with society and its responsibility in the political arena associated with its social power. Ethical theory is an ethical perspective of CSR. It posits that the relationship between business and society is embedded with ethical values which should override any other considerations. While Integrative theory argues that business depends on society for its continuity and growth and even for the existence of business itself. This research is based on ethical and political theories of CSR. The research is a theoretically analysis of secondary data on CSR theory and some countries' initiatives, policies and legislation on CSR as well as documented contributions of CSR to economic growth in some countries under ICDE.

### 4. ICDE MEMBER COUNTRIES: A REVIEW

International Council for Distance Education (ICDE) is an umbrella body for institutions around the world providing online and e-learning education with the aim of providing equal educational opportunities in each member country. According to Sewart (2003) the emphasis on distance education moved from the school and adult education became the focus and later on it further move from adult education to equality of education opportunities to all. Membership of the ICDE is open to individuals, honorary members; educational institutions; non-governmental organisations who are interested in ODL educational sector are welcome to ICDE membership as associate members. Currently ICDE serves as a linkage connecting 173 institutions and organizations worldwide, spread across over 60 countries, and responsible for educating up to 10% of the world's student population<sup>1</sup>. India has the highest number of member institutions (14), followed by China (11), Norway (9), and United State of America (8). Canada and Australia (6) are at the same level of number of institutional membership, ditto for New Zealand. South Korea and Brazil (4), while South Africa has 5 *inter alia* and there are 8 regional memberships (See below detail information on distribution of 173 memberships per countries in Table 1).

<sup>1</sup>This information is from 'Members of ICDE' at URL: <http://www.icde.org/en/about/membership/>

**Table 1.1 Distribution of Number of Membership in 73 Countries**

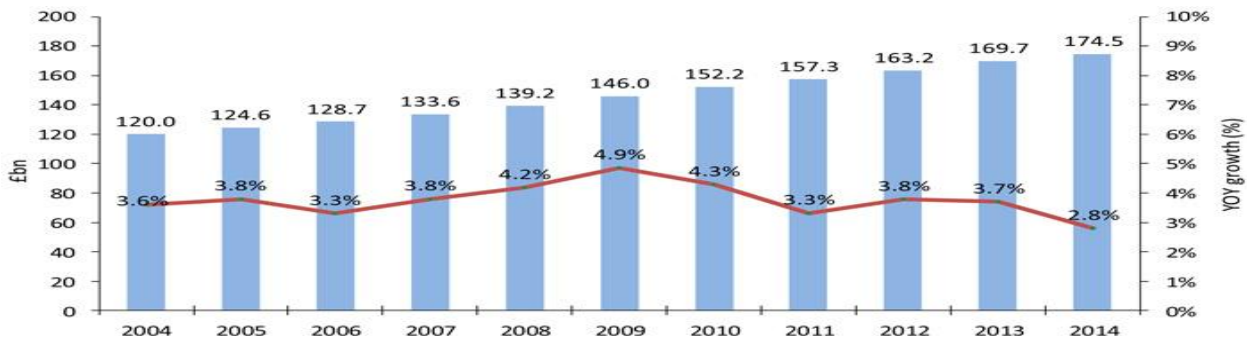
Number of Member Institutions	14	11	9	8	6	5	4	3	2	1	
<b>Countries</b>	India	China	Norway	United State of America	Canada Australia	South Africa	New Zealand South Korea Brazil Italy	Nigeria Malaysia Germany Spain Russia Federation Mexico	Indonesian France Bangladesh Pakistan Botswana Poland Sweden United Arab Emirate Cyprus Kenya Lebanon United Kingdom	Argentina Barbados Belgium Burkina Faso Costa Rica Ecuador Ethiopia Fiji Greece Iran Ireland Israel Japan Lithuania Mauritius Philippine Palestine	Namibia Myanmar Magnolia Papua New Guinea Portugal Puerto Rico Romania Singapore Switzerland Taiwan Tanzania Thailand Netherlands Trinidad & Tobago Turkey Vietnam Yemen
<b>Regional Membership</b>	African Council for Distance Education – ACDE; Arab Network for Distance and Open Education (Anode); Association of African Distance Learning Centres – AADLC; Australasian Council on Open, Distance and E-learning – ACODE; European Association of Distance Teaching Universities (EADTU); European Distance and E-Learning Network (EDEN); European Foundation for Quality in e-Learning (EFQUEL); Middle East e-Learning Association (MEeA)										

Source: Authors's Extraction from Membership information accessed from: [www.icde.org/en/about/membership](http://www.icde.org/en/about/membership)

## 5. CSR POLICIES AND COUNTRIBUTIONS TO DEVELOPMENT IN SOME ICDE COUNTRIES

Contrary to the traditional belief that corporation is profit making rather than philanthropist that behave in a socially responsible manner. Corporation just like individual can conduct their affairs such that they avoid breaking the law of the countries where they operate, thereby becoming corporate citizen Wood and Lodgson, (2002). Just like a good citizen who does not only obey the law but also contributes positively to the societal development, organisations are expected to be good citizens by not just obeying the laws of the land but also by given back to the society in such a way that their actions impact on societal development and growth. Though, some still argues that businesses are meant for profit generation and wealth creation, so its focus shouldn't be diverted. Chhabra (2014) reported that India is the first country globally to legislate CRS by mandating all companies and corporations in India to give 2% of their net profits to charitable causes. However there are different perspectives to CSR by one of the major stakeholder, which are the consumers. While discussion among consumers in some European countries about CSR is very diverse (Habisch, Jonker, Wegner and Schmidpeter 2005), the views of consumers sampled in some countries such as China, Germany, South Africa and some European countries revealed that in China, consumers are of the opinion that a socially responsible company is one that produces safe and high-quality products; for Germans it provides secure employment; for South African, it makes a positive contribution to social needs such as health care and education (Knox, 2007). United Kingdom grocery market has been reported to have been growing at a record rate due to involvement of this sector in CSR. Figure 1 below shows the growth rate of this sector, increment in growth over time as well as the network of the grocery shops. CSR actions such as donations to charities, support for schools, cultural or sports events and demonstrations of concern for the natural environment are part of activities that United Kingdom grocery shops engages in. Thus the sector's growth has been associated with the greatest rate of involvement in CSR when compared to the involvements of other sectors (Oppewal, Alexander, and Sulliwani, 2006), (Martinuzzi et al. 2011)

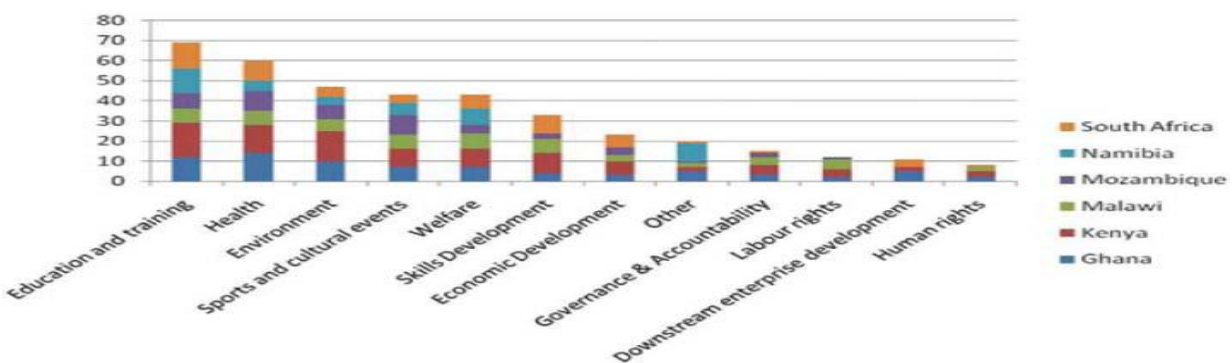
**Figure 1.0 United Kingdom Grocery Market Growth Rates and Network**



Source: <http://www.igd.com/our-expertise/Retail/retail-outlook/3371/UK-Grocery-Retailing>

UNICEF Malaysia report of 2012 posited that CSR in Malaysia has contributed to economic growth and the well-being of Malaysia. There are more than three different annual award programs in Malaysia to recognize the CSR contribution of local businesses. This was attributed to Malaysian Government policies on CSR. It was reported that Malaysian Government is one of the few countries in Asia continent that enacted CSR reporting requirements for Public Listed companies- PLCs. Sixteen Malaysian companies were also reported to have published Global Reporting Initiative (GRI) reports as at July 2012<sup>2</sup> since the inception of the GRI in 1999. However, CSR Asia (2009) concluded that there is need for a greater direction and what CSR entails in Malaysia rather the current philanthropist approach. Hong Kong has a CSR Charter that outlined 4 CSR values for organisations residing in Hong Kong. Chinese government has taken a lead position in driving CSR policy in China with the Article 5 of the 2006 Chinese Company Law which requires companies in China to undertake social responsibilities in the ordinary course of their businesses (Lin 2010). In the context of African countries, GTZ (2009) in its survey on CSR reported that most African countries approach to CSR is basically through philanthropic support to communities where the organization is operating with particular focus on three main areas which are education, health and environment. This conclusion is based on survey report from South Africa, Namibia, Kenya, Ghana, Mozambique and Malawi. Forstater, Zadek, Yu, Hong and George (2010) reported six African countries and the focus areas of organisations in respect of their CSR contribution to the host economies.

**Figure 1.1 CSR Focus Areas of Businesses in Six African Countries**



Source: GTZ

However, Nigeria imposes 2% education tax on assessable profit of all registered companies in Nigeria through TETFUND Act of 2011. The Fund handles administration of the tax funds and disbursements to tertiary educational institutions at Federal and State levels. The fund is basically to finance academic staff training and development and education support services<sup>3</sup>. According to Chandranayagam (2009), the Government of Nigeria was attempting to pass legislation to make a minimum level of philanthropic CSR contributions mandatory for businesses in the country. This research was unable to confirm the

<sup>2</sup>Global Reporting Initiative, Sustainability Disclosure Database, <http://database.globalreporting.org/search>

<sup>3</sup> Information from [www.tetfund.gov.ng](http://www.tetfund.gov.ng)

establishment of such commission in Nigeria. The bill also proposes the establishment of a commission, whose duties would include brokering partnerships between businesses and local communities and ranking of organisations according to their CSR initiatives. There are 20, 964 reports on the GRI website as at 17<sup>th</sup> November, 2014 out of which only 16,693 of these are based on GRI framework including GRI content Index. With this report, there is the likelihood to conclude that corporations and organisations approach CSR implementation in their own way based on what CSR means to them. More so, ODL educational sector is not a focus as evidenced from contribution of CSR to societal development.

## 6. RECOMMENDATIONS AND CONCLUSION

The implication of the above GRI report is that there is no structured policy and implementation strategies in many countries that can align with political theory of CSR when the number of reporting companies globally is considered. By extension, no legislation such as in Indian and as proposed in 2009 by Nigerian government to mandate corporations to contribute certain percentage of their net profits in form of CSR to sustainable development as ethical value and obligation. The paper recommends as follows:

1. All ODL institutions in ICDE countries should make a policy paper to their government on legislation of CSR in their country and to make a certain percentage of the contributions from governmental and non-governmental organisations' CSR as a compulsory contribution to ODL scholarship.
2. Consequently there is the need for policy formulation and strategic implementation of the legislation and investment of a certain percentage of mandatory CSR to ODL scholarship in ICDE countries as well as enforcement of such policy implementation.
3. Good intergovernmental and non-governmental organizational relationship among ICDE member institutions may be a useful tool to ICDE member institutions to pursue the recommended legislation of certain percentage of corporations' CSR for ODL scholarship.
4. It is recommended that tax incentive be given to company that practices CSR and complies with the legislation to motivate them.
5. In countries where there is mandatory CSR (like India) or education fund (TETFUND in Nigeria), a reasonable percentage of the fund should be made obligatory for ODL scholarship scheme.
6. Recommended legislation should be included in the national policy on ODL education of ICDE member countries in order to attain sustainable economic development driven by knowledge-based society.

Conclusively, these will contribute positively to man-power development in the ICDE member countries through ODL; entrenching policies that have the likelihood of leading to maximization of community and societal development as well as reducing negative social impacts and corporation misdeed.

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