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MULTINATIONAL CORPORATIONS AND SOCIOECONOMIC DEVELOPMENT IN NIGERIA: AN ASSESMENT OF THE MTN'S CORPORATE SOCIAL RESPONSIBILITY IN BAUCHI METROPOLIS OF BAUCHI STATE

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Abstract

Globalization particularly in the 21st century has aided the proliferation of countless Multinational Corporation and business enterprises cross national borders and in some instances, it poses ripple effect on the economies of the host countries. In Nigeria, the liberalisation of the telecom industry led to the opening-up of the market and increased competition among the network service providers which is considered as a healthy development considering the country's drive woo Foreign Direct Investment (FDI) to stimulate economic growth and the contributions of the telecom industry on the socioeconomic development of Nigeria today. This study assessed the MTN's corporate social responsibility in Bauchi metropolis of Bauchi state. The study sets out two research questions and two hypotheses. Similarly, the study used both primary and secondary sources of data. Furthermore, the study espouses modernisation theory as theoretical guide for the study. The study found out that MTN Corporate Social Responsibility (CSR) programmes does not translate into socioeconomic development of Bauchi metropolis within the period studied. The study recommend among other things that Government needs to come up with legislation that will compel the MNC's and indeed other indigenous companies to dedicate 20% of their profit after tax on corporate social responsibility projects. Lastly, civil society organizations should sensitize the public and monitor the MNC's activities to ensure acquiescence with the global best practices of socially friendly investment and operations.

Key words: MTN, Corporate, Social, Socioeconomic, Bauchi

Background of the study

Globalization especially in the 21st century have increasingly made movement of goods and services across national borders easier, further, deeper and even cheaper. Though it has remain a subject of debate among scholars and policy makers alike on the role of globalization in enhancing and facilitating the socioeconomic wellbeing of developing countries, There is general agreement among scholars that globalization is a double edged sword that has brought development especially in the Information and Communication Technology(ICT) and at the same time failed to protect the developing countries drive to key-in into the globalization process, guaranteed that the Multinational Corporations compete favourably with the indigenous companies that lacks the requisite skills and technological knowhow to float in the competitive terrain of corporate business in the 21st century and repatriating profit by the multinational corporations to their mother countries.

MTN as a South African company was license to operate in Nigeria in February, 2001 and is undoubtedly one of the leading telecommunication companies in Nigeria with its presence in over 21 countries of Africa and the Middle East. With over 54 million subscribers in Nigeria, MTN Nigeria is unarguably the biggest GSM service provider in the country that keeps expanding its business frontiers and recording unprecedented turnover in Nigeria and even beyond.

Corporate Social Responsibility (CSR) is a social responsibility expected to be discharged by a company that operate in a particular environment. Muhammad et al (2018) observed that since 1970s, the concept of Corporate Social Responsibility has been gaining increasing attention in the world. It promotes business value and reputation consistency in the profit of an organization; it also serves as a medium for saying thank you to the host community. The key component of CSR includes but not limited to community involvement; socially responsible investment;

treatment of employee; social reporting and ethical consumerism. MTN Nigeria over the years has created a foundation named MTN foundation which was incorporated in 2004 through which MTN reward the people in their environment. MTN Nigeria has dedicated 10% of its profit after tax to fund the foundation to carryout corporate socially driven projects such as granting micro credit, generate employment, skill acquisition and building capacity. It is against this background that this study assesses the MTN corporate social responsibility programme in Bauchi metropolis of Bauchi state.

Research Questions

RQ1 What is the nature of the MTN's CSR programme in Bauchi metropolis?

RQ2 How has MTN contributed to the socioeconomic development in Bauchi metropolis?

Research Objectives

RO1. To examine the nature of MTN CSR programme in Bauchi metropolis

RO2. To evaluate whether MTN CSR has contributed to the development in Bauchi metropolis

Research Hypotheses

H1: MTN's CSR has contributed to the socioeconomic development in Bauchi metropolis

HO: MTN's CSR does NOT contribute to the socioeconomic development in Bauchi metropolis

Review of related Literature

MNC'S and Socioeconomic Development: the Liberal Perspective

The activities of the MNC's have been a subject of debate among scholars especially in the developing countries. For instance, the liberals hold that Transnational Corporations activities are simply geared to re-engineer the retarded economy of developing countries. Jhingan (1996) observed that, among the significant activities of MNCs, is their extension of opportunities for earning higher incomes as well as consumption of improved quality goods and services to people

in poorest regions of the world. Brown (1980) contends that MNC's got a lot to offer their host countries in terms of economic and political development as long as there is mutuality and understanding between both MNCs and the host country.

Alexander (2010) tried to allay the fears that MNC's are nothing but instruments of exploitation by the west. His argument is that, MNC's are miss-represented by ugly or fearful images by Marxist and "Dependency theory" advocates. Because many of these firms originates in the industrialized countries of US, U.K, Canada, Germany and Italy, they are viewed as instruments for the imposition of western cultural values on their world countries rather than allies in their economic development.

Reinforcing the argument of Alexander, United Nations observed that, MNCs do not operate with impunity; they are heavily monitored both in the united state and abroad. From 1991 to 1998, there were 895 new foreign direct investment regulations enacted by more than sixty countries. Furthermore, MNCs are not siphoning jobs from high to low wage countries and when the Multinational Corporations make profits, it does not mean that developing countries are being exploited. Both MNCs and host country are better off. Similarly, Blake and Walters (1983) argued that the developing countries receives jobs, and expanded tax based and new technologies, if the investment do not do well, the MNCs may lose their investment and the developing countries does not receive the aforementioned benefits, but the developing countries owes no restitution. As a result the MNCs do not add to the external debt problem of developing countries.

Jhingan (1977), Alexander (2010), Nwanko (2011) and Onyewuchi & Obumneke, (2013) were all in agreement on the benefits of the MNC's especially in the developing countries and these includes;

I. Creation of Employment: They contend that, Multinational Corporations are socially desirable in Least Developed Countries (LDCS) because they lead to the creation of employment opportunities to the indigenes of their area of operation. A research conducted on MNCs by the U.S commerce department in 1977 revealed that American owned Multinational companies employed approximately 7.3 million people in their foreign operations. Onyewuchi & Obumneke (2013) argued that, Multinational Corporations provide employment opportunities to Nigerians through the subsidiaries like shell, Mobile, Chevron, and Coca cola etc. Onyewuchi & Obumneke (2013) further

observed that, Multinational corporations also acquire raw materials with ease from any overseas source at competitive prices and can easily export components and finished goods for assembly or distribution in foreign markets.

- II. Transfer of Technology: On transfer of technology, Alexander (2010) and Nwanko (2011) were emphatic that Multinational Corporations transfer superior technology which leads to new domestic industries and the discovery of new processes and new differentiated products in LDCs which tend to raise the standard of living of people in LDCs. Technology transfer by MNCs is one of the requirements that have been advanced for encouraging foreign investment in LDCs by bourgeoisie scholars. The liberal scholars argued that, Multinational Corporations controls within their organizations technology which developing countries cannot obtain from any other sources. They import machines which assist the host country in developing capital goods by their industries. According to them, Multinational Corporations assist in the development of a local base technology.
- III. Generation of Revenue to the Government: Multinational Corporations have been praised by paying high rates of taxes thereby contributing to government revenue required for the provision of social amenities and infrastructures for socio-economic development. Studies revealed that by the year 1999 and 2000, lever brothers Nigeria plc, pc industries and city Bank Nigeria have paid the sum of N1,930,336,000 in the year 2000 as tax to the government (Alexander, 2010:27).
- IV. Staff Development: The subsidiaries of Multinational Corporations that operate in Nigeria were said to provide job opportunities and training of manpower to Nigerian staff working in their subsidiaries. Nwanko (2011) contend that, some of these subsidiaries are almost fully Nigerians and many others have 80-90% of their management cadre Nigerians. On the man power training, it was reported that one subsidiary firm has its training institution with an intake of 150-200 trainees per annum and that it trains up to 600 employees in a course for some specific duration.

Theoretical framework

Modernization Theory

Modernization theory is used a theoretical guide for the study. The proponents of the theory include W.W Rostow, Henry Maine, Gabriel Almond, Bingham Powell, David Coleman an hosts of others. Contrary to the dependency theory, modernization theory looks at the internal factors of a country while assuming that with assistance, third world countries can be brought to development in the same manner more developed countries have modernized. Modernization theory attempts to identify the social variables which contribute to the social progress and development of societies and seeks to explain the process of social evolution

Onyewuchi & Obumneke, (2013) contends that Multinational Corporations transfer technologies, capital and the culture of entrepreneurship. They increase investment levels and income in the host countries; they promote improvement in their immediate environment; create access to high quality managerial skills; improve the balance of payment of host countries by increasing exports and decreasing imports; help to equalize the costs of factors of production.

Modernization theory was heavily criticized by scholars such as Rodney (1973) and Todaro (1977). They criticized modernization theory mainly base on methodological ground, being Eurocentric and it has also been criticized for being a historical. In other words, the theory fails to take into cognizance the historical events that shaped and reshaped the cause of development around the world

Despite the weaknesses of the theory, the theory is applicable to this study in the sense that MTN as one of the MNCs has been making profit from their investment in Nigeria, creating job opportunities for the teeming unemployed youth,

Research Methodology

Sources of data

For the purpose of this study, both primary and secondary sources of data utilized. The primary sources include structured questionnaire and in-depth unstructured interview to obtain information while the secondary sources involved the interrogation of information sourced from published from secondary materials such as text-books, Journal articles, magazines, Newspapers, Seminar papers, periodicals, theses, electronic materials and other relevant materials.

Population and research sample of the study

Population of this study comprises of all the eleven electoral wards in Bauchi metropolis which include; Makama A, Makama B, Zungur, Majidadi A, Majidadi B, Dan-Kade, Hardo, Tirwun, Dan Iya, Dawaki and Birshi-Miri wards. The National Population Commission (2017) has projected that Bauchi metropolis has a total population of 268,000. Therefore, 268,000 constituted the population of the study and the sampling frame within which the sample size will be determined.

Furthermore, Taro Yamane formula for determining sample size was used to statistically determine the sample size of the study. Thus;

Sample size = \underline{N} 1+N (e)²

n	=	Sample size
Ν	=	Total Population =268,000
e	=	Limit of tolerance error = $(0.09)^2$
n	=	268,000
		$1+268,000(0.09)^2$
n	=	<u>268,000</u>
		1+268,000(0.0081)
n	=	<u>268,000</u>
		1+2170.8
n	=	<u>268,000</u>
		2171.8
n	=	123.3
n	=	123 approximately

Method of data collection

A multi stage sampling procedure was adopted in order to reach out to the targeted respondents. Since Bauchi metropolis is made up off eleven electoral wards, a simple random sampling technique was used to select four out of the eleven wards and Makama A, Majidadi B, Dawaki and Dankade wards were selected. Similarly, the 123 copies of questionnaires were proportionally distributed among the four selected electoral wards based on the sizes of their

population. Furthermore, a systematic sampling procedure was then employed to administer the questionnaire to the respondents.

Method of data analysis

The information generated was presented in tabular form, interpreted using statistical tool and analyze qualitatively. Similarly, chi square is used to test and verify the validity of the research hypotheses using;

$$\frac{(O-E)^2}{E_1}$$

Where X^2 = Calculated chi-square value; O_1 = Observed frequency; E_1 – Expected frequency and Σ = sum of values. The study assumed 5% or 0.05, as margin of error and a degree of freedom of 2 (since df = k - 1 or 3 - 1 = 2). It was expected that the use of chi-square as an inferential statistical method would make obtained result generalizable within the population in the area studied.

ntation of result Table 1.1: weather respondents use MTN line or not						
Category	Frequency	Percent				
Yes	96	86.5				
No	13	11.7				
Undecided	2	1.8				
Total	111	100				

Source: Author's Field Work, 2018

The Table 1.1 above shows that 96 respondents representing 86.5% use MTN as GSM network service provider, while 13 of the respondent representing 11.7 % do not use MTN as GSM network service provider. Therefore, this indicates that majority of the respondents use MTN line. This is not unconnected with the fact that MTN as telecom giants in Nigeria has the highest number of GSM subscribers in Nigeria as indicated in the NCC's (2018) 1st quarter report on the number of GSM subscribers in Nigeria with over fifty four (54,000,000) million subscribers out of the 154.52 million GSM Subscribers in Nigeria. Similarly, Bauchi state is one of the most populous states in the north and correspondingly, it is natural to have the majority of the GSM subscribers using MTN as network provider.

Category	Frequency	Percent	
Yes	69	62.1	
No	38	34.3	
Undecided	4	3.6	
Total	111	100	

Table 1.2 whether respondents are aware of the MTN corporate social responsibility

Source: Author's Field Work, 2018

The above table shows that 69 of the respondents which represent 62.1% reported that they are aware of the MTN corporate responsibility in Bauchi metropolis, and, 38 of the respondents with 34.3 % are not aware of the MTN corporate social responsibility in Bauchi metropolis while 4 of the respondents with 3.6% were undecided as to whether they are aware of the MTN corporate responsibility programme in Bauchi metropolis. Deducing from the above data, majority of the respondents are aware about MTN corporate social responsibility programmes in Bauchi metropolis.

Table 1.3 MTN's Corporate Social Responsibility intervention in Bauchi Metropolis

Category	Frequency	Percent	
Granting micro credit	31	27.9	
Capacity building	20	18.0	
Award of scholarships	38	34.2	
Skill acquisition	20	18.0	
Undecided	2	1.80	
Total	111	100	

Source: Author's Field Work, 2018

Table 1.3 above presents the respondent's views on the nature of the MTN's corporate social responsibility in Bauchi metropolis. The table indicated that 31 of the respondents with 27.9% reported that have been granting micro credit to people in Bauchi metropolis while 20 of the respondents with 18.0% opined that MTN's CSR is in the area of capacity building. The table

also indicated that 38 of the respondents with 34.2% believed that MTN's intervention as form of CSR is more visible in the area of awarding scholarships within Bauchi metropolis. Similarly, 20 of the respondents with 18.0% observed that skill acquisition has been the major intervention of MTN in Bauchi state and only 2 of the respondents with 1.80% were undecided. Deducing from the above, award of scholarship by MTN in Bauchi metropolis recorded the highest responses. This was corroborated by interview respondent who observed that MTN has been investing heavily in granting scholarship to the communities especially those in the higher institutions. The researcher also observed that MTN places high premium on education considering the fact that many of most of its activities are revolved around education especially granting scholarship to students in tertiary institutions in Bauchi metropolis.

Category	Frequency	Percent	
Strongly Agree	23	20.7	
Agree	15	13.5	
Disagree	40	36.0	
Strongly Disagree	27	24.3	
Undecided	6	5.4	
Total	111	100	

 Table 1.4: whether MTN CSR has contributed to the socioeconomic development in

 Bauchi Metropolis

Source: Author's Field Work, 2018

Table 1.4 above presented the result of whether MTN CSR has contributed to the socioeconomic development in Bauchi metropolis. The result indicated that 23 of the respondents with 20.7 strongly agree that MTN CSR has contributed to the socioeconomic development in Bauchi metropolis while 15 of the respondents with 13.5 % agree that MTN CSR has contributed to the socioeconomic development in Bauchi metropolis. Similarly, 40 of the respondents with 36.0% reported that they disagree that MTN CSR has contributed to the socioeconomic development in Bauchi metropolis, while 27 with 24.3% strongly disagree that MTN CSR has contributed to the socioeconomic development in Bauchi metropolis and 6 with 5.4% were undecided. Deducing from the information on table 1.4, majority of the respondents does not believe that MTN CSR has contributed to the socioeconomic development in Bauchi metropolis.

implication of the above result is that, majority of people in Bauchi metropolis are of the view that MTN CSR has not contributed to the socioeconomic development in Bauchi metropolis. Similarly, one of the interview respondents argue that MTN does not contribute to the socioeconomic development in Bauchi metropolis. His words "...the case of MTN as to whether they have contributed to the socioeconomic development in Bauchi metropolis is indeed a straightforward issue. Though MTN's effort is commendable, but it is insignificant when compared to the population of Bauchi metropolis and one cannot attribute the effort of MTN and the socioeconomic development in Bauchi metropolis (Interview 2017).

Testing of Research hypothesis

Initially, the hypotheses set out were

- I. H1: MTN's CSR has contributed to the socioeconomic development in Bauchi metropolis
- **II. Ho**: MTN's CSR does **NOT** contribute to the socioeconomic development in Bauchi metropolis.

Chi square =
$$X^2 = \sum (O - E)^2$$

Degree of freedom or df = N-1 which is 3-1

MTN's CSR has contributed to the socioeconomic development in Bauchi metropolis.

Table 1.5:	Result of the	Research	Hypothesis
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S/N	Category	Observed	Expected	O-E	$O-E^2$	$(O_1 - E_1)^2$
						E_1
1	Yes	38	37	1	1	0.03
2	No	67	37	30	900	24.32
3	Undecided	6	37	-31	961	<u>25.97</u>
						50.32
4	Total	111				

Sum: DF= N-1

Df= 2.

 $X^{2=}50.32$

While the table value is 5.991

Table 1.6: Summary of the chi-square Table

Observed	Expected	Ν	Df	Level of	\mathbf{x}^2	Table
frequency	frequency			significance		value
111	37	3	2	0.05	50.32	5.991

Decision: since the chi-square value of 50.32 is far greater than the tabulated value of 5.99, we automatically reject the alternative hypotheses and accept the null hypothesis which is **Ho:** or MTN's CSR does **NOT** contributed to the socioeconomic development in Bauchi metropolis

Findings and Discussion

1. That MTN Nigeria has the highest number of subscribers in Bauchi metropolis of Bauchi state. As presented in Table 1.1, 96 (86.5%) use MTN as GSM network service provider, while 13 (11.7%) do not use MTN as GSM network service provider. Deducing from the responses as presented in table 1.1, majority of the respondents use MTN line. This is not unconnected with the fact that, MTN as telecom giants in Nigeria has the highest number of GSM subscribers in Nigeria. The National Communication Commission (NCC), in its (2018) 1st quarter report indicated that MTN has the highest number of GSM subscribers in Nigeria. Similarly, the cosmopolitan nature of Bauchi, coupled with the fact that Bauchi state is one of the most populous states in the north and correspondingly, it is natural to have the majority of the GSM subscribers using MTN as network provider. No doubt, MTN enjoys wide range of coverage and have capitalized on its customer's loyalty to expand its business and provide the corporate social responsibility services within Bauchi metropolis as seen in the information generated and presented in table 1.1.

- 2. That MTN corporate social responsibility programmes in Bauchi metropolis is visible and the communities are aware of the existence of the programme. In reference to table 1.2, the responses indicated that 69 (62%) of the respondents reported that they are aware of the MTN corporate responsibility in Bauchi metropolis, and, 38 (34.3%) of the respondents are not aware of the MTN corporate social responsibility in Bauchi metropolis while 4 (3.6%) of the respondents were undecided as to whether they are aware of the MTN corporate responsibility programme in Bauchi metropolis. Deducing from the data presented in table 1.2, majority of the respondents are aware about MTN corporate social responsibility programmes in Bauchi metropolis. The MTN corporate social responsibility programme is visible due to the fact that MTN's corporate social activities usually enjoys media coverage and therefore, it is not surprising that majority of people in Bauchi metropolis are aware of its existence. Similarly, an interview respondent observed that there is no doubt that MTN is on ground in Bauchi and that its activities are so pronounced such that every inhabitant of the metropolis will notice it.
- 3. That MTN's corporate social responsibility programme in Bauchi metropolis is mainly in the granting of scholarship for students. Table 1.3 above presents the respondent's views on the nature of the MTN's corporate social responsibility in Bauchi metropolis. The table indicated that 31 of the respondents with 27.9% reported that have been granting micro credit to people in Bauchi metropolis while 20 of the respondents with 18.0% opined that MTN's CSR is in the area of capacity building. The table also indicated that 34.2% believed that MTN's intervention as form of CSR is more visible in the area of awarding scholarships within Bauchi metropolis. Similarly, 20 of the respondents with 18.0% observed that skill acquisition has been the major intervention of MTN in Bauchi state and only 2 of the respondents with 1.80% were undecided
- 4. That MTN corporate social responsibility in Bauchi metropolis does not contributed to the socioeconomic development in Bauchi metropolis. Table 1.4 presented the result of whether MTN CSR has contributed to the socioeconomic development in Bauchi metropolis. The result indicated that 23 of the respondents with 20.7 strongly agree that MTN CSR has contributed to the socioeconomic development in Bauchi metropolis while 15 of the respondents with 13.5 % agree that MTN CSR has contributed to the

socioeconomic development in Bauchi metropolis. Similarly, 40 of the respondents with 36.0% reported that they disagree that MTN CSR has contributed to the socioeconomic development in Bauchi metropolis, while 27 with 24.3% strongly disagree that MTN CSR has contributed to the socioeconomic development in Bauchi metropolis and 6 with 5.4% were undecided. Deducing from the information on table 1.4, majority of the respondents does not believe that MTN CSR has contributed to the socioeconomic development in Bauchi metropolis. Therefore, the implication of the above result is that, majority of people in Bauchi metropolis are of the view that MTN CSR has not contributed to the socioeconomic development in Bauchi metropolis. Similarly, one of the interview respondents argue that MTN does not contribute to the socioeconomic development in Bauchi metropolis. His words ''...the case of MTN as to whether they have contributed to the socioeconomic development in Bauchi metropolis is indeed a straightforward issue. Though MTN's effort is commendable, but it is insignificant when compared to the population of Bauchi metropolis and one cannot attribute the effort of MTN and the socioeconomic development in Bauchi metropolis (Interview 2017).

Conclusion

Based on the data generated, presented thus far, it has become clear that MTN has been carrying out the corporate social responsibility programme mainly in the area of granting scholarship to students especially in the tertiary institutions within Bauchi metropolis. It has also become apparent that the MTN CSR does not automatically transcend into socioeconomic development in Bauchi metropolis within the period studied.

Recommendations

- I. Multinational Corporations especially the MTN should be encouraged to invest more in their effort to discharge their corporate social responsibility
- II. Government should come up with legislation that will compel the MNC's and indeed other indigenous companies to dedicate 20% of their profit after tax on corporate social responsibility projects. This will help in complementing government efforts in providing social services to society and help in ameliorating the effects of the activities of MNC's in the affected communities

III. Civil society organizations should sensitize the public and monitor the MNC's activities to ensure acquiescence with the global best practices of socially friendly investment and operations. This will help in minimizing the negative impacts of their operations on environment and ensure cordiality between the MNC's and their host communities.

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