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Local directors and corporate social responsibility activities of multinational companies in Africa

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Abstract

Many multinational companies (MNCs) in Africa claim to support the continent's sustainable development through corporate social responsibility (CSR) initiatives. However, the timing and relevance of these projects to local communities have often been questioned. Little is known about how local directors shape the sustainability activities of MNCs in their host regions. Drawing on image motivation theory, we investigated the influence of local directors on MNCs' sustainability activities in Nigeria, an emerging economy. We conducted content analyses and a series of semi-structured interviews with local directors in MNCs. Consistent with our expectations and stakeholder theory, we find that local directors significantly drive the consistent and continuous sustainable development activities of MNCs through CSR in their host communities. Many local directors indicated that, unlike the traditional approach of MNCs consulting with local leaders, being a director provides the opportunity to understand the firms' activities and advocate for appropriate projects for the host region. The presence of local directors helps bridge the expectation gap between MNCs and the host region. Our study provides evidence of the relevance of local individuals in the directorship of MNCs and their contribution to sustainable development in Africa.

KEYWORDS
Africa, corporate social responsibilities, expectation gap, local directors, MNC, sustainability

1 | INTRODUCTION

The disconnection between multinational companies (MNCs) corporate social responsibility (CSR) activities and their relevancy to the host community has always been a topical issue in the literature (Daouda, 2014; Vertigans et al., 2016) because some of those CSR projects were not needed by the community at the time (Attah & Amoah, 2023; Tanam, 2023). Over the years, scholars have suggested and tested the strategy of the local community involvement in the decision of MNC's CSR (Awuah et al., 2021; De Chiara & Spena, 2011; Seang, 2023). While the inclusion of local leaders and community has achieved some gains in the delivery of CSR by MNCs, there is still some significant disconnection between the MNC's CSR activities and relevancy to the host community (Frynas, 2001; Mazé et al., 2024; Nartey & Manu, 2023; Ramirez, 2015). This is because the local community or its leaders appear to be outsiders with regards to MNCs. These local committees or leaders do not have adequate and timely knowledge about the operation and financial position of the MNCs. Hence, they may demand too much or too less of the MNC. Similarly, the MNCs directors are largely foreigners to the host community and may lack local knowledge of the needs of the host community.

This expectation gap creates tension, conflict and a waste of resources (Cheruiyot & Tarus, 2016). For instance, after huge investments by the MNC in projects, they are abandoned by the locals, because that is not what they need at the time (Attah & Amoah, 2023; Daouda, 2014; Tanam, 2023; Vertigans et al., 2016). Further, some MNCs take advantage of the ignorance of the host region to begin some projects just to attract media attention, knowing very well the project will not be completed. Additionally, local committee members and leaders are mostly volunteers with short terms, hence they do not have a significant influence on MNCs. The membership of most local committees changes frequently such that, it weakens the monitoring of MNC CSR activities. These factors limit the influence of local committees or local leaders in promoting MNCs to engage in relevant hence there is a need for knowledgeable and long-term partner who can facilitate and monitor the CSR activities of MNCs. Therefore, the purpose of this study is to examine whether the inclusion of local directors in MNCs' boards promotes more relevant CSR initiatives and bridges the expectation gap between MNCs and their host communities.

Local directors bridge the expectation gap between the host region and MNC because of their continuous relationship with the MNCs. Local directors will have adequate knowledge about all the activities of the MNC and the firm ability to start the complete a project for the community. Given their potential longevity on the board, local directors can monitor the progress of MNC and mitigate green washing. The local knowledge from local directors is vital for CSR decision of the board. Furthermore, beyond the fiduciary responsibilities, local directors have an intrinsic, moral, and social motivation to uplift their own personal image and that of their local region. Therefore consistent with image motivation concept, we argue that the presence of local director in MNC will increase the CSR activity of the firm. According to the image motivation concept (Ariely et al., 2009; Firoozi & Keddie, 2022), local directors will pursue prosocial behaviors at the board level to increase the firm's CSR activities in their (directors) local community. In addition to increasing the image of the local director, the CSR activities of the MNC in the host region directly affects the economic prosperity and lives of the directors and their next generation.

Prior studies are either concerned with determinants of CSR such as governance structure CRS (Zaman et al., 2022) or leadership qualities such as CEO ownership, tenure, education, and compensation scheme (Malik et al., 2020). Others paid attention to understanding how stakeholders' engagement shapes CSR activities in Africa (Phiri et al., 2019), but the focus is limited to the mining sector. Other studies such as that by Amos and Banahene (2024) provided empirical evidence of the connection between MNC subsidiary managers on CSR in Africa. These studies emphasize the relevance of local consultation for MNCs in addressing the expectation gap between host communities and MNC leadership. However, to date, there are still insufficient empirical studies on the influence local directors can exert on the CSR of MNCs in Africa. Our study addresses the expectation gap in CSR activities of MNCs between the host community and the MNCs leadership, an area that has received less attention in extant literature. Motivated by the preceding argument, we investigated the influence of local directors on the CSR activities of MNCs in host regions. Given the increasing rate of climate disasters and pressures on MNCs to improve their sustainability activities in host regions, we pay particular attention to sustainable projects.

It is worth noting that, we define local directors as persons who are permanent resident of the host state of the MNCs. This distinction is necessary because the Nigerian indeginization policy provides for the inclusion of Local directors in the board of MNC.[1] Based on differentiating points, we raise the contribution of the paper and its implication to policy and theory. Lack of connection between MNCs and local communities of operation could results to conflict and cessation of operation (Frynas, 2001; Ramirez, 2015). Therefore, the purpose of this study is to examine whether the inclusion of local directors in MNCs' boards promotes more relevant CSR initiatives and bridges the expectation gap between MNCs and their host communities.

The remainder of the paper is structured as follows. Section 2 contains the literature review and the research methods are presented in Section 3. We present and discuss the empirical findings in Section 4. The conclusion and policy implications are presented in Section 5.

2 | LITERATURE REVIEW AND THEORETICAL FOUNDATION

2.1 | Conceptual framework

CSR has evolved as an interesting area of study by scholars over the years. It is significance in shaping society has been well documented in academic discussions. However, there is lack of conceptual consensus among scholars regarding what CSR means and what it does not (Wirba, 2024). This lack of conceptual clarification has resulted in multiple perspective to the concept of CSR. The lack of conceptual clarity creates a context where identification and measurement of the concept becomes difficult.

For instance, from an ethical stand point, Mintzberg (2019) define CSR in terms of business initiatives towards the society which is done without any expectation from the society. This perspective considers CSR as an ethical responsibility in terms of what businesses or managers considered the acceptable behavior towards society. As such CSR is a way of given back to the society what the business gained from it without any direct expectation in return.

From a social perspective, Ollong (2014) consider CSR as an ingredient that promotes the relationship between businesses and the society. Such relationship is considered mutual for the sustainability of both the business and the community in which it operates. In this view companies expect something from society in response to CSR

[1]This distinction is relevant because the Nigerian indigenisation policy of 1977 required the appointment of Nigerian directors in every company (Eluyela et al., 2019).

initiatives. From the same social perspective, other scholars such as Carroll and Shabana (2010) defined CSR as "a social contract between society and businesses whereby the community grants a company license to operate and in return meets certain obligations and behaves in an acceptable manner." Such onbligations include taxes, employment opportunities, and environmental responsibility. This perspective assumes that there is an inherent agreement between businessess and society, which places an obligation on businesses to be socially responsible. This idea of reciprocal action from both the corporations and the society is not acknowledge by scholars coming from the moral background. Such scholars as Kilcullen and Kooistra (1999) define the concept as the degree of moral obligation that corporations shoulder in the society beyond simple obedience to the laws of the state.

Though there is a wide range of conceptual understanding of the term CRS, scholars tend to agree to a large extent that Carroll (1999) provided the most comprehensive definition of CSR. Carroll (1999) defined CSR as comprising of four dimensions of economic, ethical, legal, and philanthropic activities of corporations to society. This definition provided basis for empirical examination and measurement of CSR using its four components. Drawing from this idea, we conceptualized CSR as any economic responsibility such as providing employment opportunity to the host community, or legal responsible in terms of tax obligation or ethical consideration as well as philanthrophic gestures such as donations and provision of social amenities. The Carroll definition of CSR guided the authors in identifying relevant research questions to establish the existence or otherwise of CSR within the study area. Using this perspective, scholars have embraced CRS as a core component of sustainability initiatives aimed at providing sustained cordial relationship between companies and key stakeholders Montiel (2008). As such, the term CSR and sustainability are used interchangeably in this study.

2.2 | Identification of research gap

Scholars have over the years document empirical evidence suggesting that there exists a disconnect between MNCs and local communities in terms of CSR. Some have argued that after huge investments by the MNCs in CSR projects, they are abandoned by the locals, because that is not what they need at the time (Attah & Amoah, 2023; Daouda, 2014; Tanam, 2023; Vertigans et al., 2016). The gap between what is expected from MNCs and what they do for their local communities can be attributed to the lack of local connection between the MNCs and their host (Cheruiyot & Tarus, 2016).

While the inclusion of local or committee leaders have achieve some gains in the delivery of CSR by MNCs, there still some significant disconnection between the MNC CSR activities and relevancy to the host community (Frynas, 2001; Mazé et al., 2024; Nartey & Manu, 2023; Ramirez, 2015). This is because the local community or its leaders appear to be outsiders with regards to MNC. These local committees or leaders do not have adequate and timely knowledge about the operation and financial position of the MNC. Hence, we argue that local directors could be more influential and significant player in directing CSR and sustainability activities of MNCs in the local/host community due to the following reasons.

Despite the recognition of the contribution of local directors in promoting CSR initiatives in Africa, there is limited studies on the subject matter. Existing studies either focus on disclosure of CSR by MNCs in Africa (Amos & Banahene, 2024) with a focus on the reporting relationship between subsidiary of MNCs in Africa and their parent companies or as part of reputation management strategies employed by managers (Ajayi & Mnutle, 2021). Other scholars such as Amodu (2020) are concerned with understanding the extent of CSR performance in Africa compared with other parts of the world. Amoako (2016). Even though the influence of local directors on CSR has recently gained recognition among scholars (Amos & Banahene, 2024), the focus is on addressing the perception of managers regarding internal and external pressures exerted on them and how such pressures impact their CSR reporting. To date, the role of local directors in addressing the expectation gap between MNCs CSR and their host communities in Africa is largely understudied. This study therefore fills this knowledge gap by examining how the inclusion of local directors in MNCs in Africa can address the expectation gap between the MNCs and their host communities.

2.3 | Theoretical foundation

The influence of local directors on the CSR activities of Multinational Corporations in Africa can be comprehensively understood through the lens of image motivation theory. This theory posits that individuals are driven by the desire to be perceived positively by others, seeking social approval and respect (Ariely et al., 2009; Schepers & Beach, 1998). In the context of MNCs, local directors leverage their positions to enhance their image and reputation within their communities, thereby driving meaningful and impactful CSR initiatives. Image motivation theory, a derivative of the theory of social customs, suggests that individuals' actions are partly motivated by how they believe others perceive them (Akerlof, 1970; Schepers & Beach, 1998). This theory incorporates the concept of utility derived from social approval, which motivates individuals to engage in behaviors that are considered "good" by societal norms and values (Ariely et al., 2009). In the African context, where community values and social norms are deeply embedded in the societal fabric, local directors are keenly aware of the importance of maintaining a positive image. They are motivated to promote CSR activities that not only benefit the community but also enhance their own reputation and social standing.

In exploring the impact of image motivation theory, it is important to consider the broader implications of social approval in decision-making processes (Meier, 2007). Meier (2007) highlights how individuals are incentivized to behave pro-socially when their actions are visible to others and can lead to social rewards. This perspective is critical in understanding why local directors might prioritize CSR initiatives; they seek to align their personal and professional identities with community expectations to gain respect and admiration. The desire to be perceived positively can drive local directors to advocate for CSR projects that directly address the needs and expectations of the local community. For example, in regions where education is a pressing issue, a local director might champion initiatives that support schools and provide educational resources. These actions not only address community needs but also elevate the director's status as a socially responsible leader (Brammer & Millington, 2005; Carroll, 1999).

Moreover, local directors may push for CSR activities that promote sustainable development, aligning with the global emphasis on environmental stewardship. By leading projects that focus on sustainability, such as clean energy initiatives or conservation programs, local directors can enhance their image as forward-thinking and environmentally conscious leaders (Tawiah et al., 2024). This alignment with global sustainability goals can further enhance the reputation of both the director and the MNC in the eyes of the local community and international stakeholders (Eccles et al., 2014).

The impact of image motivation theory extends to the strategic choices made by local directors in the implementation of CSR initiatives. Knowing that their actions are under scrutiny, local directors are likely to ensure that CSR projects are well-planned, executed, and communicated to the public. This meticulous approach not only ensures the success of the initiatives but also reinforces the director's image as a competent and effective leader (Sen et al., 2006). Furthermore, the visibility of CSR activities can lead to a virtuous cycle of increased motivation and engagement among local directors. As community members express appreciation and recognition for the CSR efforts, local directors may feel further motivated to continue and expand these initiatives. This continuous positive reinforcement strengthens the directors' commitment to CSR and their role as agents of positive change within the community (Aguinis & Glavas, 2012).

The influence of Image Motivation Theory on local directors' engagement in CSR can also be seen in their interactions with other stakeholders. For instance, local directors may use their influence to encourage employees to participate in CSR activities, fostering a culture of social responsibility within the organization. This internal alignment enhances the overall impact of CSR initiatives, as employees' collective efforts contribute to the company's social and environmental goals (Turban & Greening, 1997). Additionally, the motivation to maintain a positive image can drive local directors to build and maintain strong relationships with local authorities and community leaders. By collaborating with these key stakeholders, local directors can ensure that CSR initiatives are aligned with local policies and community development plans. This collaboration not only facilitates the successful implementation of CSR projects but also enhances the director's reputation as a proactive and engaged community leader (Donaldson & Preston, 1995).

In summary, driven by the desire for social approval and respect, local directors leverage their cultural competence, social networks, and understanding of the local context to design and implement CSR initiatives that are relevant, effective, and impactful. Their presence on the board facilitates better stakeholder engagement, accountability, and alignment of CSR activities with strategic objectives, enhancing the overall image and reputation of the MNC in the host community. This alignment not only benefits the community but also solidifies the reputation and success of both the directors and the multinational corporations they represent.

3 | RESEARCH METHODS

3.1 | Research design

This study utilized a qualitative method of inquiry to examine the influence of local directors in MNCs on sustainability activities. Prior studies on the CSR have employed the qualitative approach to investigate CSR of MNCs (Ajayi & Mmutle, 2021; Amoah & Eweje 2022; Amos & Banahene, 2024). It has been argued that qualitative method of enquiry provides an avenue for contextual investigation of CSR from cultural, political, and economic perspective (Kumar et al., 2022). Additionally, we aimed gauging perception of actors in the field (local directors and community leaders) regarding the role of local directors in closing the expectation gap with respect to CSR of MNCs in the study area. The local directors were chosen because we believe they have better understanding of the cultural, economic, regulation of the operating environment than their foreign counterparts. As such they are in the best position to provide relevant responses about how they contribute in influencing CSR activities of the board of MNCs.

Specifically, this article capitalizes on in-depth interviews with some local directors and community leaders in 7 federal states where MNCs operate in Nigeria. Scholars have argued that interviews are particularly appropriate when the research objective is to understand complex interactions, diffuse processes, perceptions, beliefs, and values that are tacit (Jamali, 2010; Strauss, 1990). We consider the expectation gap in CSR of MNCs and the local communities as a complex phenomenon because of the possible diversity of opinions.

3.2 | Sampling technique

The purpose is to gauge their perceptions of the local directors about their influence on MNCs CSR activities in their localities as well as that of the host communities through their leaders. A purposeful sampling approach was adopted involving contacting leading MNCs who have some documented sustainability initiative (through their financial reports) or visible CSR initiatives within their host communities in Nigeria. The MNCs chosen for the study is based on their popularity and visible CSR activities they have undertaken as publicized in their financial statements as well as company websites.

Scholars argue that purposive sampling is suitable when the researchers are of the opinion that a particular response group is in a better position to provide relevant response based on experience of knowledge (Creswell & Poth, 2017). Through this process we purposefully identified five (7) MNCs that were contacted for the study but only five were willing and ready to participate in the study. We also interviewed 5 communities corresponding to the claims of MNCs who participated to validate responses from the local directors or claims of CSR activities as published in the annual reports.

3.3 | Source of data

The data for this study were obtained through primary sources. In-depth interview and content analysis of financial statements form the source of data. Through a key informant from the Securities and Exchange Commission, we contacted company secretaries of the MNCs by phone and inquired the phone contacts of some selected local directors from the chosen sample of MNCs operating in Nigeria as at December 2022. A formal introductory letter highlighting the aims of the research and its probes were sent to the directors through the company secretaries. An in-depth interview was then scheduled and conducted by the authors during the months of January and March 2023.

The interviews were conducted in English, and took an average of 45 min and were tape-recorded and transcribed. We use semi-structured guide prepared based on the sustainability requirements of the Financial Reporting Council of Nigeria (FRCN) code of corporate governance and literature review. The aim is to elicit responses based on our research questions. Specifically, we sought to probe in our interviews about four themes relating to sustainability activities as enshrined code of corporate governance for companies. The code requires that the board of directors should put in place policies that ensure sustainability in such areas as (1) environment and social impact, (2) management of work place safety and accidents, outbreak of diseases on employees, their families, and the company (3) employment of locals (4) gender issues consideration. The analysis that follows is along these four themes. A major advantage of the thematic approach of data analysis is the fact that it helps in the interpretation of the data as well as application of one's judgment and experience to draw out themes and generate basis for better understanding and conclusion (Amos & Banahene, 2024). We analyzed both the interview as well as content analysis of the financial statements of the companies based on the four themes identified to form the basis for conclusion.

One of the issues in qualitative research has to do with validity or trustworthiness of the data collection and research findings. In addressing this concern, we were guided by the procedure suggested by prior scholars especially, Miles and Huberman (1984) and Lincoln and Guba (1985).

Several authors suggest four tests to establish validity in qualitative research designs, namely: credibility, transferability, confirmability, and dependability (Lincoln & Guba, 1985; Miles & Huberman, 1984). According to the authors confirmability corresponds to construct validity in quantitative methods. This test assesses whether the interpretation of data is drawn in a logical and unprejudiced manner. Therefore, in order to achieve confirmability audit, we recorded the interviews as well as field notes to ensure logical inferences and quality of findings.

To achieve credibility of the data and findings the researchers personally carried out the interview without the aid of research assistants as suggested by Lincoln and Guba (1985). This approach helps the researcher to carry out the interviews in a manner guarantee credibility during the data collection stag.

To ensure the transferability of the findings, we made availability a full contextual information on the nature of the companies businesses and their location to help the readers understand and infer results regarding them in context. The researchers achieved transferability by the cautious use of specific procedures in coding and analysis as recommended by Miles and Huberman (1984). Dependability corresponds to internal consistency in quantitative research and therefore tests the indications of stability and consistency in the process of inquiry. To achieve consistency, the interview protocol was applied consistently during the data collection process.

4 | RESULTS

As mentioned earlier, local directors in MNCs operating in Nigeria were interviewed to understand their influence on CSR activities along four themes bothering on environment, workplace safety, employment of locals and gender considerations. The first interview was conducted with a local director in a MNCs operating in the North Western part of Nigeria. This company is into cement manufacturing and it has a total of 11 directors out of which 6 are local directors. The respondent has been a director with the company for the past 4 years and has a firm understanding of the company's policy and governance practice on the environment.

> **RQ1.** When asked whether the company has any policy on the environment, he alluded that the company is committed to sustainability of the environment as clearly stated in its mission statement.

Further probes indicates that

> "*The company has done a lot to reduce carbon emission especially in 2021 through an initiative aimed at using trucks that are powered by batteries and solar as opposed to those using hydrocarbon in response to the call for cleaner environmental practices by the global community….*" Respondent 1.

This response highlights the significant role stakeholders' play with regards to sustainability initiative undertaken by MNCs even in developing countries like Nigeria. Specifically the United Nations' SDGs 11 emphasizes the need for companies to carry out initiative that promote safer communities, human settlement and sustainable environment.

Following the Carol model of CSR, we observed that the company's financial statement indicates that the company has some visible philanthropic projects such as motorized boreholes located within the community where the factory is located. This is located in the desert where water has been a perennial problem. Our findings from a community leader suggests that even though the host communities appreciate the projects it addresses one of the critical problem confronting the community, however, there are concerns about "*the adequacy and consistency of such projects because some of these projects do not meet stakeholders expectation in terms of performance*." Respondent 4.

> **RQ2.** Sought to find CSR activities relating to health and safety initiative of MNCs.

In this regards we examined the CSR of a MNC in the food and beverage industry and found that the company also has policies and initiatives that support CSR within their local communities. A content analysis of the financial reports of the company indicates that the company has a total of nine directors. It has policies aimed at taking care of the health of workers as well as that of the community.

The analysis also shows that, the company undertook a number of sustainability activities in the host communities. Such initiatives include provision of eye care surgery to farming communities in Kogi State, North central Nigeria; provision of portable water under an initiative called water of life project which aims at providing access to clean water especially in Edo, Kebbi, FCT Abuja and Kano states. In addition to the above, the company supports educational development of the host community through provision of undergraduate scholarships to many students. This company also supports vulnerable members of the community with food items such as maize and sorghum across the country in 2021.

The next line of inquire aimed at understanding whether local directors play specific role in fostering CSR within the host community. To understand the role played by the local directors in fostering CSR activities by this company, we examined a community leader in one of the beneficiary communities. The response from shows that;

> "*local directors interact directly with the community as well as the company thereby providing an avenue to understand pressing needs of the community and align it with company's strategy*" Respondent 3.

This finding is consistent with the views of another village leader within the Federal Capital Territory (FCT) Abuja. The community leader alluded to the fact that

> "*When the community is in need, the leader finds it easier to communicate with those directors who are perceived to be indigenous and understand the need better*" (Respondent 5).

This buttresses the centrality of local directors in enhancing communication between the local community and MNCs towards addressing community problems through CSR initiatives. This finding is in tandem with image motivation theory, suggesting that for sustainable business operation, companies need to pay attention to the inclusion of local directors because they create strong link with the host community through effective communication. This is because local directors understand the local issues and can communicate effectively with the local community using local parlance, thus providing better comprehension and providing the board with in necessary for CSR activities and initiatives.

We also did a content analysis of another operating in the oil industry to evaluate the CSR activities especially in respect to sustainability initiative. This company has 3 local directors out of 8 and it was discovered that though the company is committed to sustainable environment, there is much to be desired. For instance, the company in 2021 financial year, the company embarked on an initiative called green station under which it planted trees in 10 schools in the Niger Delta region. This is intended to key into sustainable management of the environment in line with the Nigerian policy on sustainability. This initiative though laudable because of the effect of erosion on buildings in the area, an interview with a community leader in the area revealed that:

> "*The community expected more in terms of cleaning up of oil spillage and regenerating the spoil for agricultural activities and saving aquatic lives because local people rely so much on fishing as a means of livelihood*" Respondent 2

as indicated by a local community leader. With respect to the above concern, a local director said,

> "*The oil company should have addressed agricultural concerns through empowerment of young women with finance, business expertise as a grant to support livestock and agricultural farming instead*" Respondent 3.

This highlights the expectation gap in sustainability performance between the company and the community. A content analysis of the reports of a company operating in the beverage industry. It is a company with 6 local directors out of 9 on the board. The local directors have been in the board for over 3 years each. In this company, CSR activities centered on the environment analysis revealed that between 2018 and 2021, the company's sustainability activities focused on health, reduction of carbon emission and clean water. In health, the company initiated a program "Healthy lifestyle project" under which 11,234 children and 179,309 adults benefitted. The project aimed at addressing malnutrition and obesity among children in some selected primary schools and communities in Lagos State where it has a factory. A probe from an interview with the community indicated that the project was done in consultation with the community.

> "*Our community is cosmopolitan as such there is no more land for agriculture leading to hunger and mal-nutrition that is why we requested that the MNC should do something about it*" Respondent 6.

The analysis also indicates that a MNC that is into manufacturing of roofing sheets does not only have a policy on the environment but is actively pursuing the policy as a core mandate. The company has five local directors who have been actively participating in the policy and governance of the company. In particular, we found that the company has cut down significantly on carbon emission by ensuring that only trucks that are running on batteries are used for conveying its products across Nigeria. This is addition to provision of portable water to many communities while also taking initiative to reduce usage of underground water. A response from a community leader indicates that

> "*Community leaders prefer relating the needs of the communities to the MNCs through the local directors because these directors understand the local language because sometimes it is better to explain some issues in the local parlance*" Respondent 5.

This finding underscores the centrality of Local directors in influencing the right CSR projects that meet the expectation of stakeholders. This further demonstrates the importance of local directors in ensuring the sustainability of the environment.

The researchers also interviewed community leaders in the north central part of Nigeria where mining MNCs has been operating for many years. The company has 9 directors out of which 4 are local directors.

> "*When asked community leader of the commitment of the company to land recovery. We have a lot of open ponds that do not only constitute risks to lives but we are left with land that does not support agriculture any longer. we have hoped in government to ensure that the mining ponds are closed and rehabilitated but till date nothing is done*" Respondent 7.

We also interviewed a local director of MNC that is into beverage production with its headquarter in Lagos and factories in Ibadan and Abeokuta. According to the director,

> "*the company has done a lot to minimize the impact of its operation on the environment. A further probe indicates that company has made a global commitment to the environment. To this end the company has redesigned its business model to protect the environment through the use of reusable packaging materials*."

Specifically, we found that "*the company through the local directors saw the need to embark on afforestation project in Abeokuta south Ease Nigeria, a project it started and completed in 2021*." The project was conceived with the aim "*of providing more job opportunities for the youths Abeokuta while also expanding its business line*."

A content analysis of the financial reports of the company for 2022 financial years indicates that the company has eight directors out of which five are local. It has integrated zero emission policy throughout its value chain since 2018 including ensuring that suppliers adhere to policy of carbon reduction. Similarly, this company has the policy of using of solar panels to power its plants. The implementation of this policy started with its plant located in Ibadan in 2021 where the plant is solely powered by solar energy.

5 | DISCUSSION AND CONCLUSION

This study was motivated by the need to understand the influence of local directors on CSR of MNCs, an area that has received less attention in prior studies on board of directors and CSR activities. Using a qualitative approach, we examine CSR activities of the MNCs along four major themes including the environment, health, and safety, employment of locals and gender issues. Findings on the environmental sustainability shows that though the MNCs under study all have sustainability polices in place, implementation differs from company to company and among industries. MNCs in the food and beverage industry have demonstrated evidence of implementing the policy through disclosure in their financial reports. A closer look at the board composition shows that these companies have significant numbers of local directors suggesting that their inclusion on the board has a positive impact on CSR activities of the companies. This finding is consistent with Afeltra et al. (2022) who found that ethnicity of directors is a good predictor of CSR. These findings maybe attributable to the fact that knowledge of local language of the host community enhances better communication between the board and host communities. Such communication helps the board to understand the priority needs of the communities and address them better.

This study also found that most of the MNCs under study disclose CSR activities relating to workplace safety and employment in their annual reports with the exception of a few. This is consistent with the expectation of international and national government. Moreover, the inclusion of locals in the board and employment buttresses the centrality of local knowledge in ensuring sustainable business and the environment. We believe that one of the main reason for the disclosure of CSR activities is to signal compliance with regulatory requirements of the Financial Regulatory Council of Nigeria. The disclosure is also a means of improving the companies image as suggested by image motivation theory (Ariely et al., 2009; Schepers & Beach, 1998).

The study established that in some of the companies, CSR activities are driven by the interaction of local directors with the local communities and such projects are cherished by the end users because they are in line with the critical needs of the community. We attribute this to fact that local directors have a fair understanding of the local language and culture within the immediate environment. This finding is in tune with that by Liu and Lin (2020) who found that culture is significantly related to CSR. It also supports the findings by Kucharska and Kowalczyk (2019) suggesting that employees' perception and culture shapes a company's organizational performance including CSR performance. This is also consistent with the assumptions of stakeholders' theory suggesting that key stakeholders such as employees needs is significant in shaping CSR initiatives of organizations.

We also found that employment of locals is one of the key policies across the MNCs understudy. This might be so because the employment of local employees fosters the social relationship between the MNCs and the communities and reduce conflicts between the company and the community. This is in line with the findings by Holzberg (2020). The key to understanding and providing CSR projects lies in the understanding between the directors and the community leaders. This study revealed that though some MNCs have spent so huge an amount of money on CSR only for such projects not to meet the expectations of the local community. Consistent with image motivation concept, we deduce that some of the CSR projects were undertaken to give the company a good image without much attention to the critical needs of the host community.

5.1 | Implication and recommendations

The implication of this study is of three folds (managerial, empirical, and theoretical). Managerial implication: the study has advanced a case for the inclusion of more locals not only in the board but also at all levels of management MNCs especially in Nigeria. Even though, the Nigeria's indigenization policy places local content as a key ingredient and a policy thrust for the development of the local communities, there is the need to ensure consistent implementation of the policy by all MNCs. Secondly, this study provides an empirical evidence of the understanding of the local culture and language in providing avenue for interaction and collaboration between the host communities and the companies. Therefore we suggest that MNCs should sought for and give more consideration to employment of more local directors on the board as a means of achieving sustainability. It also highlights the need for strong stakeholders engage by MNCs to avoid providing projects that are not particularly the most needed by the host communities.

The evidence presented in the study can inform the development of national and regional policies aimed at improving corporate governance standards. By highlighting the positive impact of local directors on sustainable development, policymakers can advocate for governance reforms that promote transparency, accountability, and local involvement in corporate decision-making processes. These reforms can help mitigate risks associated with external oversight and ensure that MNCs' operations contribute positively to the socio-economic development of host regions.

Empirical implication, we have added the influence of local directors to the scholarly debate on board characteristics (gender, nationality, education, professional knowledge, religion) and CRS. Additionally, the study also advanced a case for more qualitative studies to understand the relationship between the board and CSR. This will provide a better understanding from the participants' perspective rather than the usual quantitative analysis that dominate such studies in the past. Future studies could leverage on this by carrying out a focus group discussion, which provides room for the participants to interact closely on the same topic.

One key theoretical contribution is the contextual application of image motivation theory to corporate governance in emerging economies. The study shows that local directors, who are often well-integrated into their communities, leverage their roles to advocate for CSR initiatives that are not only beneficial but also visible and appreciated by the local populace. This finding extends Image Motivation Theory beyond individual behavior to collective corporate actions, suggesting that the personal motivations of key decision-makers can shape broader organizational strategies. This theoretical contribution is significant as it broadens the scope of image motivation theory to include the corporate context in emerging markets, demonstrating how individual motivations can influence organizational behavior and outcomes. It also provides a framework for understanding how MNCs can better integrate local insights and priorities into their CSR strategies, ultimately leading to more effective and respected corporate practices.

The findings suggest that image motivation plays a significant role in the effectiveness of local directors. Recognizing this, MNCs should consider how their CSR activities and governance structures can enhance the social approval and reputation of local directors. This might involve publicizing successful CSR projects that local directors spearhead, thereby reinforcing the positive impact of their contributions and motivating continued engagement.

5.2 | Limitations and suggestions for future research

One notable limitation is the geographic and industry-specific focus of the study. The research concentrates on MNCs operating in Nigeria, which, while providing a detailed understanding of the local context, may not capture the diversity of experiences and challenges faced by MNCs in other African countries or regions. Future research could expand the scope to include multiple African countries and a broader range of industries. This would provide a more comprehensive understanding of how local directors influence CSR activities across different contexts and help identify any region-specific factors that may affect these dynamics.

Another limitation is the reliance on semi-structured interviews and content analysis. While these qualitative methods are effective for gaining in-depth insights and understanding the perspectives of local directors, they may not fully capture the quantitative impact of local directors on firm performance and sustainability outcomes. Future research could incorporate quantitative methods, such as surveys or longitudinal studies, to measure the extent of the impact of local directors on CSR activities and to identify potential causal relationships. This mixed-method approach would strengthen the validity and generalizability of the findings.

Additional potential area for future research is to examine the long-term impact of local directors' involvement in CSR activities.

The current study provides evidence of the immediate benefits and relevance of these initiatives, but it is equally important to understand their sustainability and long-term effects on both the communities and the MNCs. Longitudinal studies tracking the progress and outcomes of CSR projects over time would be valuable in assessing the enduring impact of local directors' influence.

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