

# **CORPORATE SOCIAL RESPONSIBILITY: A STRATEGY FOR CONTINUOUS BUSINESS EXISTENCE**

*Aigbomian Sunny Ewan*

## **Abstract**

Social Responsibility implies playing more than economic roles where firms exist. Societies expect firms to meet their needs in arts, education, health, environmental issues, and social welfare, in addition to their roles as Employers and Producers. It is an area that considers profit, customer satisfaction and social well being in evaluating firms' performance. It is important that firms understand customers' quality satisfaction, social benefit, as well as quantitative measures of sales, revenue and profits because it measures performance in terms of survival, marketing and growth. This paper analyzes the matter; examine what Social Responsibility means from different viewpoints. It assesses the potential gains, implication, as well as the challenges confronting the Corporate Organizations. Finally, the need to accept Corporate Social Responsibility as a strategy for marketing and sharpening company's image with a view to enhance business existence and growth.

## **Introduction**

The concept of Corporate Social Responsibility is not new. It might be said to be as old as organized society itself. Bowman and Ellis (1969), said that, the ancient city Athens existed on the strength of good relations with the citizens. Most Public Relations analysts now believe that they have social responsibilities because emphasis has shifted recently from the Classical Economist's point of view of just maximizing profit for shareholders and the protection of the interest of employees, customers, suppliers, to the interest of the total environment and not merely to markets.

Organizations are faced with the task of establishing goals, setting objectives and procedures, programmes, methods, and developing and executing strategies for the accomplishment of desired goal. They exist in environments and not in vacuum. The mere existence of people around a company means that there must be a relationship with the society. This kind of relationship is a function of whether the company exacts its own interest before those of the people, or attempt to act as far as possible as a single citizen would be expected to do.

Essentially, business organizations of today acknowledge their responsibility but eschew attempts to define, in an operational sense, their social liability (Osagie, 2002). There is wide acceptance that the survival and future of a company is a function of the level of co-operation it enjoys from the area of operation and as such, organizations should see Social Responsibility as an investment of the long run.

## **Meaning of Corporate Social Responsibility**

There are many definitions of Corporate Social Responsibility. Andrews (1977), sees it as "the intelligent and objective concern for the welfare of the society that restrains the individual and corporate behaviour from ultimately destructive activities, no matter how immediately profitable and leads to the directions of positive construction of human betterment". He further stated that, it can also be seen as "an obligation to act in ways that serve both its own interests and its own external publics". In the same vein, we can take it as those investments in and contributions to the wider society designed to help create the overall environment that a company requires to survive and operate effectively.

Another easily cited definitions is that given by French and Seward (1995), who see it as the duty of a business enterprise to ensure that it does not disrupt the life of the community in which it operates. Omotayo (1977), defines Social Responsibility as the interest in and commitment to the aims, objectives and aspirations of the wider society in which the private sector functions.

The importance of Corporate Social Responsibility in the community a company operates is stressed on by Derimann (1964), when he noted that, is of prime importance that any company should be well thought of in places in which it operate". Obviously, moral standards dictate that a business should not conduct itself to the detriment of its neighbours. Ajala (1993). pointed out that, it is the responsibility of corporate organizations to plan and manage the organizations relationship with all those

involved in or affected by its activities. He further emphasized that, it is an excellent opportunity to "bank" investment.

No man is an island. Firms do not work in vacuum and they must be involved in the life of the community in which they operate. In today's era of sophistication, at least in the business world, consumers are becoming more controversial. Firms that are not socially responsible are viewed as riskier investments.

But for the purpose of this paper, Corporate Social Responsibility would be defined as the role a firm undertakes in meeting the needs of the people where its functions as a business emit without losing focus of being a profit maximizing firm and with a view to enhance good relationship and steady growth of the business.

### **Gains and Implications**

Social contract refers to a set of generally accepted relationship, obligation and duty- between the major institutions and the people in the society (Osagie, 2002). As indicated above Social Responsibility of business has been affected in the recent years by significant changes in social, political, economic, and other aspects of our life. Consequently, not only the concept of Social Responsibility of business has been changing. The forces at work also have been moving with a new focus of understanding upon what Social Responsibility can bring in terms of gains, and potential benefits as well.

One of such gains is better environment for business. The creation of a better social environment benefits both the Society and business. The society gains through better neighbourhood and employment opportunities. A cleaner and safe neighbourhood, on the other hand, means a more stable community in which to operate. Few unemployed persons reduces the chance of social unrest and provide additional income to purchase the firm's products or services. Better-educated members of the community provide a more attractive labour pool from which to draw personnel.

When Corporate organizations get involved in social responsibilities, government is discouraged from imposing further stringent regulation and intervention. Regulation is costly business and restricts its flexibility in decision-making. Avoidance of government regulation results in greater freedom and more flexibility in decision making for business.

Corporate social responsibility creates a favourable public image for the business to attract more customers. As business organizations grow in economic power, they should also grow in social power. When an institution's grows, its responsibility grows as well. Findings have shown that, growth is not only a function of economic power but also depends on a series of other measurable and, acceptable variables in terms of contributions towards better and quality life. And this is why social responsibility is not only desirable but necessary towards future growth.

As business organizations grow in economic power, they should also grow in social power. Social power and social responsibilities form an equation that must be balanced. When an institution grows, its responsibility grows as well. Findings have shown that growth is not only a function of economic power but also includes a series of other measurable and acceptable variables in terms of contributions towards better and quality life. And this is why social responsibility is not only desirable but necessary towards future growth.

Though Friedman (1990), argues that, Corporate Social Responsibility reduces the returns to shareholders by spending their money on communities' projects. This is because the enterprise has favourable public image and is subject to less government control.

It is better to prevent social problems through social involvement than to cure them. It is cheaper to help the hard-core unemployed by providing them jobs and unemployment benefit, etc. than to cope with social unrest and crime rate. Firms stand good chances of gaining, engaging in productive and meaningful investment rather than wait for negative outcomes of social unrest with unfriendly nature of the environment.

### **Challenges of Firms in the Execution of Social Responsibility**

According to the Adam Smith, the primary task of business is to maximize profit by concentrating strictly on economic activities. In the course of carrying out its normal and legal economic activities, business are confronted with the under mentioned issues.

#### **Customers**

Business try as much as possible to discover what customers needs are, and customers needs high quality products and services, well packaged and at affordable prices. The issue is that just as the world is dynamic, customers' needs are always changing. What firms produce today can be out of use the next week, meeting up with such changes gives business a great point of concern.

### ***Shareholders***

Shareholders expect high returns on their investment, if they are to continue to invest, the society have to be peaceful, (safe environment). They also expect management to protect their interest by guiding against mismanagement, fraud and negligence. In some cases, management of companies are in tight corner on how to convince the public and satisfy the desire of the shareholders or otherwise.

### ***Employees***

Employees are the most valuable assets of any organization than any other factors of production land, capital and materials. They expect just compensation that is commensurate with their efforts, and other fringe benefits that will make them satisfied in their work. They also expect management to bring out good policies that would enhance their safety, job security and others. These are the expectation of the employees, where business (management) are not able to measure up conflict arises.

### ***Supplier and Distribution***

Business organizations depend on other groups, either for inputs (raw materials), distribution (transportation) or even power. These and others are based on economic agreements such as efficient and prompt payment of debts for instance bank loan, it is in the best interest of businesses to do so, in order to avoid loss of confidence from these parties. This is a serious issue that businesses contend with.

### ***Government***

Business organization do not exist on their own, they are structured and regulated by government policies which in some cases, help to fine-tune their operations, and at other times are not too favorable to them. Apart from the financial obligation of tax payment, business organization obeys the government laws; working for the modernization of the nation, co-operating with the government in developing more effective measures to put inflation under control and achieve the expected level of employment. These and many others businesses sees as confronting issues.

### ***Conclusion***

We are in the era of globalization, when businesses are driven by keen competition and aggressive marketing; it is only those that can offer the best that the society needs and they are the one that can stand the test of time. Business organizations should see Corporate Social Responsibility as a necessary strategy that can help to transform the name, product (s), vision and mission of the company.

There is the need to sensitize and educate those companies that are yet to accept social responsibility. The shareholders should know that a healthy business system cannot exist in a sick society and that business does not exist in isolation in our society. Business that have demonstrated a higher degree of responsibility are to a large extent at peace with the people around them.

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