International Journal of Advanced Scientific Research |IJASR
International Journal of Scientific Research in Social Sciences & Management Studies | IJSRSSMS
ISSN Print: 2579–101X | ISSN Online: 2579–1928
Volume 3, Number 3, December, 2018

Corporate Social Responsibility: Theoretical and Conceptual Dynamism

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Abstract

Corporate Social Responsibility: Theoretical and Conceptual Dynamism is an analytical and review paper which focuses on Nigeria. The literature on Corporate Social Responsibility (CRS) in texts, Journals, Conferences, Policy pronouncements, Symposia, Workshops, and personal interviews with some academicians, research fellows, government and corporate managers were critically examined. CRS differed in varying situations and times but converged certainly on the relationships to economy, organizational impact on the environment, and business ethics acceptable to stakeholders. It's ineffectiveness include the lack of clarity in meaning., mechanism, promotion, integration into core policy objectives of firms, and lack of strategies or index criteria for its implementation. It is recommended that adequate legislation, aggressive campaigns and strong resistance to social injustice can improve its implementation.

Keywords*: Campaigns, Dynamism, Ethics, Injustice, Legislation, Strong resistance*

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Background to the Study

Corporate Social Responsibility, (CRS)is an aspect of entrepreneurship development which has widely become a topical issue. It started as early as organised industrial and commercial concerns in the 16th and 17th centuries in the developed economies. But by the 19th century, individual environmentalists, human relations, and religious organisations have raised more questions on the ethical behaviour of business ventures. Hence, many business entrepreneurs began to think seriously about corporate ethics and social responsibility in their business plans.

Corporate social responsibility involves the desire for businesses and entrepreneurs to be, consumer-oriented and environmentally friendly, i.e. responsiveness to consumer (consumerism), company relations, safety and standard in products and services, employee relations and community relations or practices capable of alleviating environmental degradation like pollution, noise, erosion, warming, etc.

Corporate social responsibility had no simple and clear meaning, and therefore, has been trailed by some form of conceptual difficulty. It is because of this conceptual difficulty that the U.S Business Ethics Advisory Council established in 1961 by the U.S Secretary of Commerce did not lay down a code of business ethics [or general application. Rather, it preferred to let every enterprise and every association to conduct a soul searching examination, and to concentrate on the real problems of their business and industries to find and apply concretely to those problems the ethical principles which derive from religious heritage, and traditions of social, political and economic freedom (Onikpe, 1983).

Corporate social responsibility has three broad facets. First, there is the outright charity to social course (such as education, health, art and culture) which does not necessarily make any direct contribution to the profitability of the firm, but only on charitable grounds, sustained objectively on the basis of ordinary private cost-benefit analysis. Second, is the elimination or reduction, by offending firms of the social costs arising from their normal business operations which constitute external diseconomies to other business firms as well as posing health or safety hazard to non-business entities. Third is the adoption and observance of an ethical code aimed at destroying utterly the business malpractices like product misrepresentation, racial and gender discrimination in hiring, unethical competition and other discomforts to people, other organizations and environment.

The Major Aims of Corporate Social Responsibility

i. Creating higher standard of living while still preserving a firm's profitability.
ii. Protecting the environment from several degradations such as pollution, erosion, warming, and other adverse effects of firms' operations.
iii. Protecting people against environmental hazard, harmful products, substandard products, etc.
iv. Provision of safety through safe devices and insurance packages for employees.
v. Fair treatment of employees, including viable pension schemes.

vi. Partnering with the government in developmental activities.
vii. Declaring actual profit by the public and multinational companies, and paying appropriate taxes right time.
viii. Observance of laws and maintenance of high ethical standards of professional conduct and competence by firms.

This paper aims at making a critical analysis of the decades of the struggle for the enthronement of Corporate Social responsibility in both the government and business sectors. Other objectives of the paper include the examination of the major constraints against social responsibility practices, especially in Nigeria.

Finally, the paper aims at examining the dynamism in the theory and concepts of corporate social responsibility.

Research Methodology
Using analytical and descriptive approach, this paper reviews the views of academicians, research fellows both in the literature and of several symposia, and those of business managers. In addition, this paper reviews the dynamism in the theory and concepts of Corporate Social Responsibility of over several decades of gradually driving towards sustainable development as a global phenomenon.

Discussions
According to Imaga (2000), up to the 1950s, a business operated purely for profit maximization whereby the corporate objective of a typical firm could be defined typically in economic terms without the inclusion of social courses. However, by the 1960s, social courses in businesses started gaining prominence with the agitation by human Relations Scholars, religious and civil society organizations for corporate social responsibility. Business is considered to be created by the Society for the Society, operating in localities with some negative, unintended consequences. Now the dual socio-economic purposes by the firms embarking on the mission, or lines of activities which are feasible for realizing enterprise goals have become the acceptable code of behavior for the society.

Corporate Social Responsibility is fast crippling into the corporate objectives to be stated in specific terms, either for the entire organization or major divisions or departments at the short, medium and long term. But for Nigeria like many other countries, the recognition, definition, and implementation of Corporate Social Responsibility by the government (like labour matters) and the business sectors still remain by and large very poor.

Mandatory And Conceptual Difficulty: According to Anshen (1980), the Philosophy of Corporate Social Responsibility is a very complex one and that to this end, a number of questions have to be answered. For instance, is it appropriate and advantageous for firms to think of themselves as responsible for the social as well as the economic results of their operation, which may not be compatible with a profit-oriented enterprise system. In

peculiar instances, like the Niger Delta questions, the corporate managers don't really have a choice, but that pressure is being brought on them to behave in a socially responsible manner. Therefore, in corporate planning, social goals should not be placed at par with economic goals. This is a formidable challenge to management imagination and talent. No doubt, a manager who finds appropriate answers to the inescapable questions must have succeeded in locating key determinants of critical business strategy.

Theoretical Difficulty

According to lkpeze (1981), the theoretical difficulty arises from the fine distinction made theoretically between businesses as artificial entities and the owners of businesses as real persons (especially as it applies to the limited liability companies). The author stressed that only real persons can have responsibility or being socially responsive and not artificial entities such as businesses and official positions. Ikpeze (1983) buttressing Professor Milton Friedman in the article, "The social responsibility of business" opined that the sole aim of a business is to maximize profit.

In the New York Times Magazine of September, 1970, and of similar opinions, the interesting question was since "businesses cannot be socially responsible, except real persons", who are responsible for the adverse effect of business operations on the environment. To the advocators of business social responsibility, business executives of firms who have no authority to implement the firms' social responsibility programmes should be adequately mandated by the owners of the business firms to be socially responsible.

(1) The problems of enforcement

Although corporate social responsibility philosophy is now widely accepted its philosophy still has difficulty in implementation. Its voluntary compliance cannot be relied upon to sustain the principle, as such; voluntary compliance programmes sooner or later make the mandatory approach justifiably inevitable. Again, determining its mandatory approach is problematic. For instance, business firms can be forced to give specific amounts of their earnings to charity. This could take the form of increased tax-rate (effective company tax). If this happens, then companies will be forced to understate their pre-tax profits or transfer the cost to consumers in form of high prices, there would be a substantial decrease in the amount of company tax revenue accruing to the government. In addition to a lot of subjectivity tendencies in the choice of social responsibility resulting in discrimination in the selection of projects. Several governments appear more competent to enforce compliance for; (a) elimination, by offending firms of social costs of their operations (such as pollution). (b) The adoption and observance of ethical codes aimed at extirpating business malpractices. This could be secured through legal sanctions such as product liability laws, environmental degradation levies, etc.

Moreover, voluntary or discretion in responding to social costs on the environment is still complex. Again, business chief executives face the problem of how to ensure that some

perceived social needs are implemented throughout their organisations efficiently and effectively. Many businesses are still skeptical about the social responsibility programmes; others are either indifferent or strongly very hostile. Example, Some petroleum, Oil Companies in the Niger-Delta region of Nigeria could agree to some terms of environmentalist and owners of degraded land claims only on Court orders in the UK.

ii. **The Problems of Establishing Criteria for Selecting Social Courses**

The choice of social responsibility by organizations also continues to present problems to many individuals either in their private capacities or as owners of businesses as in the case of the Niger Delta crises. So, the determination for corporate social responsibility remains a complex problem and this constitutes a core of practical difficulties. For instance, business owners' mandate to their management and the distinction between the economic and social cost to be borne by a business remain volatile.

iii. **The problems of Measurement**

Corporate social responsibility in terms of cost-benefit analysis to the society is another topical issue. It is arguable that the external diseconomies and other costs created by a given business organization are neutralized by the benefits resulting from the action of the firm in question (as a resource converter), such that the costs and benefits, in the final analysis, cancel each other: Benefits + Costs = 0. The proceeding discussion clearly shows that the concept of corporate social responsibility is far from being clear and it is in fact very complicated.

iv) Some scholars including Melvin Anshen (1976), argued that responsibility is under social control, Positing that it is more appropriate to speak of corporate social responsiveness rather than corporate social responsibility control of management. To this school of thought, performance is under management control and therefore, it is inner-directed, and so any attempt to equate social responsibility with social performance is loaded with complex problems of;

1. Who defines the bounds and specific content of the responsibility of a corporation to deliver benefits to society?
2. Should the implementation of social responsibility as a course of action be determined by a corporation's chief executive in consultation with business board of directors?
3. What about the effect of such action on costs, and therefore on profits and returns on investment?
4. How does a responsible manager mediate the conflicting claims among elements of the society whose objectives and priorities are not identical?
5. Does a company's social responsibility extend to the amelioration of social ills not caused by its own action, or even by the business system?

Quite a number of companies are known to have been socially responsive (in terms of charity contributions. It is more appropriate to speak of the argument of Newman and Logan that social responsiveness deals with actions and outcomes that are directly affected by executive decisions in employment. Ackerman and Bauer have also argued

that it is more proper to speak of corporate social responsiveness rather than corporate social responsibility.

Similarly, the Secretary General of the Organisation of European Community Development (ECD) in 1969 felt that a company should be socially responsive rather than concern itself with the complex issue of social responsibility. Also, President Richard Nixon's 1970 States of the Union speech was in the same direction. There were two major schools of thought regarding the issue of corporate social responsibility then, namely;

(v**)** **Profit Maximisation Motive**

From the point of view of Milton Friedman, social performance should not be the concern of management, but that the proper and only goal for management is profit maximisation. In fact, Friedman would want to equate social responsibility with stealing from the shareholders. He argued that the cardinal social responsibility of business was to increase its profits. Peter F. Drucker then in his own case believed that the first responsibility of managers to society is to operate at a profit.

To the then class of Peter Drucker and Milton Friedman, "The business of business is business". To them, profit maximization objective ought to be considered purely on its own merits. In that case, the proposition was "The business of business is business" would make an intelligent argument. The proposition concentrated the managers' attention on what they seemed to know and do best that was how to produce and distribute the right goods and services. The proposition made them (the managers) very much less concerned about social and political issues that were loaded with unfamiliar and visible complex elements.

i. Liberal economists, such as Neil Chamberlin argued that there were enough profits to forego to make much difference.

ii. However to the Idealist School of Thought, the problems of the society's environment were created by the business establishments and as such, they should be held responsible. The idealists argued that people have to realize that business establishments have to behave in a socially responsive manner. According to the Council on Trends and Perspective of Chamber of Commerce of the United States of America "If business corporations are to continually change demands for social as well as economic performance, they must do something more fundamentally than respond to the proposal of others. A business must structure its objectives so that social goals are put at par with economic goals". Similarly, David Rockefeller in 1971 addressing the Advertising Council advocated that there should be certified accounts of a corporate social performance which should be discussed by stockholders at the Annual General Meetings. These concepts are revolutionary in nature because they are radical transformation of the theory and practice of the private enterprise system. This is from the Social School of thought which felt that a corporation should be multi-purpose. This thinking was derived from the rising awareness that economics can no longer be divorced from other

dimensions of society. Hence, a business corporation, though basically, an economic institution, is more and more held accountable for externalities such as any form of contamination of the environment, allocation of scarce resources and the well being of its workers and the immediate communities. Nowadays, society is laying compulsion upon the private businesses to recognize and bear some responsibility for the external costs of its operations (i.e. external diseconomies). Business organisations are required to be socially responsive not only by responding to solving problems but they should also work with the government in order to alleviate, if not, eliminate such problems.

The social school of thought has strongly argued that there were two generally accepted principles regarding corporate social responsiveness;

(i) Businesses are the creations of society; it is the society that makes them function.

(ii) The pursuit of business organisations' economic goals invariably generates a variety of social effects. And there is an obvious linkage between the first and the second principle. It is on the basis of this obvious linkage of differing ideas about the appropriate role and performance of business in responding to societal needs that this principle has emerged.

To Onikpe (1983), between these two extreme arguments is a range of philosophical and operational positions that reflect:

i. Differing value judgments between voluntary and mandated decision making.
ii. Differing assessments of costs and benefits between voluntarism to authoritarianism.
iii. Differing concepts of social value of economic gain and economic value of social gain.
iv. Differing ideas about the extent to which those who are involved in the business system are qualified to participate in defining new standards for business performance.
v. Differing ideas about the nature of our democratic society and the sufficient conditions for its survival.

To the Idealists, Ackerman and Bauer (1976), the social issues with which corporations have been concerned were in three broad categories;

i. Social problems external to the corporation which were by any direct or indirect business actions should be by and large be borne by the offending firms.
ii. External impact of regular economic activities such as environmental pollution, product quality, safety uses of products, reliability of goods and services, confusion or deception from marketing practices, the social impact of plant closings and workers' Lay-offs, and plant locations, etc. should have enforceable repercussions on the affected firms.
iii. Other social problems found within the firm relate to the issue of; equal employment opportunity, occupational health and safety, the quality of work life, industrial democracy and any other inherent problems demanding answers.

There are Social issues or societal issues which have been sponsored by different movements in the United States of America (such as, Anti-American war in Iraq, Afghanistan, Vietnam called anti- war-movements, consumerism, civil rights movement, environmental movement and other similar agitated groups who were dissatisfied with anti-social behaviour of organisations and institutions.

Supporting such prepositions, Anshen (OP.Ct), and his "Business is business is no longer tenable" because the propositions are now fraught with a lot of weaknesses. Hence, the concept of profit maximization alone is now obsolete.

According to White (2003), the concept of Corporate Social Responsibility in the 21st century is the concern about the recognition, and responses to stakeholders' demands which increases firms' contributions to society, while minimizing the negative impact. To the European Green paper (2001), Corporate Social Responsibility is about the framework for promoting firms' ethical, and responsible behavior deemed as acceptable treatment of stakeholders which can guarantee a model for:

(a) Complete economic prosperity,
(b) Environmental Quality, and
(c) Social justice.

Therefore, today, Corporate Social Responsibility is concerned with firms' obedience to law, product and service safety, cost-effectiveness, job creation, support to social courses, entrepreneurial development, technology development and acquisition, ethical behaviour and good human relations. Formerly, Carol (1979) posted that the concept deals with the concern for firms' practice of a balance social behaviour of economic, legal, ethical and discretionary expectations of the society at a given time.

Recent decades witnessed diverse meanings of Corporate Social Responsibility from all arguments which, however, converge on common characteristics. They relate to the economy, level of organizational impact on the environment, demands of stakeholders, and level and form of firms' responsiveness. It is actually concerned with the concept of stakeholders' concern for the development of a firm arising from its ability and the willingness to co-exist with the environment. It consists an agitation which is consequent upon the inadequate actions and non-actions of 'offending' firms on the effects of their operations.

To the Handbook of Corporate Social Responsibility no doubt, there is a great concern for this topic. However, both business sector and international civil societies are yet to reach an overall agreement in defining the responsibilities of firms to the Society (Belkaoni and Karpic 1989, Tsoutsoura, 2004, Martela, 2005 in Hassan 2007). Corporate Social Responsibility can be a dimension of how firms treat their stakeholders ethically in a responsible manner, within and outside organizations. Its aims include among others the creation of a high standard of living, safety for all, and preserving firms' profitability.

In Nigeria, many firms see Corporate Social Responsibility as cost going beyond their mandate to shareholders and thus should be voluntary. Ironically, the government's unsatisfactory policies and legislation portray that it leans more on the business sectors perception rather than developing and prevailing on firms' social responsibility in full force. There is a big challenge in which most firms, especially the multinational corporations display excesses of unacceptable standard conducts. Hence, more environmental litigations are being persecuted outside Nigeria, particularly those of some Niger Delta communities and individuals over the degradation of their lands and economy.

The variability in Corporate Social Performance (CSP) of many firms in Nigeria can better be attributed to diverse strategies as postulated by Tsoutsoura, (2004) and lack of index criteria.

A major challenge in the quest for significant implementation of Corporate Social Responsibility in Nigeria, for instance, is the deficient monitoring mechanism of firms' operations and their Social Responsiveness. Also the absence of monitoring workplace code conduct, and the principles for monitoring procedures to promote labour standard in industries. Thirdly, lack of integration of the core principles of Corporate Social Responsibility in the policy objectives in the economy, industries, and different firms, more especially the multinational corporations constitute a breach of social responsibility on the part of organisations. The silence of civil society legislation on various issues on socio-ethical and environmental criteria for firms to operate in Nigeria is another serious issue. Hence, the poor commitment of firms to social, environmental and ethical considerations for safety health, environmental friendliness, and access to social information in financial reporting of public organisations require no elaboration.

Added to the above challenges are the poor development of ethical standard by supervisory organisations for professional and competence standards for members of professional bodies for members, and organizations. For instance, the collapse of most banks in Nigeria which led to bank restructuring in the years 2000s resulted partially from lack of competence, deficient monitoring of compliance, investigation and enforcement of their ethics by the Nigerian accounting and banking professional bodies. This actually breached the socio-economic demands of Nigerians. Today, Nigeria consumers greatly face what can be best described as irresponsible products in terms of unimpressed quality and quantity.

Most employers of labour in Nigeria, especially the civil service, have been widely accused of irresponsible behaviour e.g., approximately seven out thirty-six States of the Federation delay workers' salaries. Similarly, most pension managers in Nigeria fail to develop adequate pension funds' investments for pensioners.

Major Findings

i. A fundamental constraint to Corporate Social Responsibility in Nigeria is the inadequate mechanism for promoting this Social Courses by the government, supervisory authorities, and home groomed Civil Societies.
ii. Lack of clarity in the definition and meaning of Corporate Social Responsibility by the government, and corporate entities, and inadequate mechanism for promoting it in the economy
iii. Lack of integration of business Social Responsibility into core policy objectives of firms, both domestic and multinational companies alike.
iv. Social injustice widely seen to be inherent in the fabric of the society due to corruption, nepotism, and religious fanaticism which in turn create lack of cohesion to effectively resist the absence of corporate social responsibility
v. The wide inequality in income and power has created powerful capitalist class who dominate the ownership of the productive sector which deny the downtrodden of their rights. A good example is the cattle ranching problem purported to be caused by the rich owners of cattle but largely heaped on the Fulanis.

Conclusively, the theory and concept of Corporate Social Responsibility have not been conclusively defined and established. The business sector and the Civil Societies have not reached uniformity on the criteria for implementing Corporate Social Responsibility of a business to its society. Hence Waren (2003) opined that Corporate Social Responsibility is a complex and contingent matter. Its definition differs according to varying situations. So, the theory and concept of Corporate Social Responsibility will for a long time continue to be an unsettled macro-economic controversy. But the complementarily, both moral and legal approach to this issue should be established.

Recommendations

i. Promotion of adequate legislative mechanism for mandatory Corporate Social Responsibility in government and corporate governance should be legalized in business ethics and plans to be exercise in government white papers for domestic, national, and multinational enterprises.
ii. The government and Civil Societies should intensify campaigns and create benchmarks for firms' ethical behaviour which are not inimical to the environment, and other stakeholders.
iii. Standard measure for Corporate Social Responsibility should be included in annual accounts and reports for assessing social costs to firms' as recommended by scholars such as Anderson and Frankle (1980), Fredman (2007), etc.

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