Corporate Social Responsibility and Organizational Performance

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Abstract
This paper examined the impact of Corporate Social Responsibility (CSR) on Organizational Performance. It utilized a theoretical approach to discuss the relationship existing between the study variables. The paper notes that corporate social responsibility has emerged today as a top strategy of choice utilized by businesses to gain competitive advantage over their rivals in our highly competitive business arena. The paper also notes that corporate social responsibility enhances and promotes firm reputation, acceptance, and goodwill, while its neglect can threaten business survival in the long-run. The paper concluded that involvement in corporate social responsibility activities is essential to improve company's reputation, acceptance, public goodwill, and stakeholders' satisfaction; which promote business profitability, and other financial and non-financial business performance measures. It is recommended that organizations should integrate corporate social responsibility programs into their strategic plans so as to get top management to commit necessary support towards its implementations. In addition, management should ensure that it identifies stakeholders' core needs before embarking on any corporate social responsibility activity, as any program that does not address pressing needs of the specific stakeholders whom the program was designed for may not be appreciated and valued. Organizations should also put in place adequate CSR disclosure mechanism that makes it easy for their stakeholders to notice their philanthropic and other societal benefiting activities, in order to create a favourable reputation and generate public goodwill.

Keywords: Stakeholders' goodwill, customer attraction, competitive advantage, corporate performance, survival prospects.

Introduction

Owing to the high-paced competition and unpredictability of today's changing business environment that has given rise to harsh business competition in both domestic and foreign market arena, many business organizations are faced with severe business challenges that has led to the closing down of businesses, and intense survival battle for many others. Today, with high rate of demand placed on business organizations by the society, the ever changing customer taste and preferences, growing societal rights and awareness, and fast developing information technology, and innovative/quality service delivery to customers at lower prices, organizations are face the challenges of retaining their valuable customers, as well as attracting new ones.
Organizations are thus becoming more proactive with finding business solutions and ways of adjusting to the challenges of balancing their corporate goals with meeting rising societal needs, and taking emerging advantages in their operating environment by adoption and introduction of several business strategies in order to survive and improve organizational performance. However, the realities of today's business have continued to point to the fact that several organizations are struggling for survival (Nwachukwu, 2007; Obiekwe&Nwaeke 2019). Moreover, there are increasing demands from stakeholders that organizations should be socially accountable to the society by engaging in activities that impact positively on societal well-being (Baridam, 1995; Obiekwe & Nwaeke 2019; Aluko, Odugbesan, Gbadamosi & Osuagwu, 2004). As a result, several organizations are now embracing corporate social responsibility as a strategic tool to earn stakeholders goodwill, boost firm image, retain existing customers, and attract new customers, and highly skilled and competent workforce; which directly or indirectly translate to improved organizational performance.

On the importance of corporate social responsibility on organizational performance, Kazmi (2002) posit that there is an obvious need to engage in greater social responsibility activities that help firms to increase their market share and profitability due to its customer attraction and retention abilities. According to Baily (2005), several organizations have utilized CSR as business strategy to gain competitive advantage, by communicating their activities that are inclined to the needs of the society. This has served to boost their reputations as caring and community friendly organizations, thus acting as a powerful marketing tool to enhance customer loyalty, attract and retain skilled/competent employees, achieve firm - community harmony, and consequently improve general organization performance.

Despite the various calls for social responsibility involvements and seeming advantages attached therein, many businesses seem not interested in involving themselves in corporate social responsibility activities, or making it an integral part of their company strategy; rather, they see CSR as a sheer waste of valuable financial resources, that ultimately impacts negatively on organization's financial performance (Boafa & Kokuma, 2016). It is therefore not surprising to see many organizations dogging any attempt to involve in social responsibility activities. This therefore creates a challenge in understanding the actual role of corporate social involvement on business performance. This leaves a large room for serious research to fill this existing vacuum.

This paper therefore seeks to utilize a theoretical incursion approach to examine the impact of corporate social responsibility on organizational performance by critically examining the meaning and dimensions of the variables, as well as the purpose and benefits of social responsibility involvements, among others.

Literature Review

Concept of Corporate Social Responsibility

The idea to define corporate social responsibility stems from the fact that since business organizations exist, draw inputs, operate, and are integral part of the society, they should freely give back to the society some things that will result to societal beneficial outcomes. This is because, what affects the society as a whole affects the business organization just like everyone else in the society. Baridam (1995) notes that, "the interaction of business with the society has brought about series of changes occurring throughout the social system. These changes resulting from interactions of business and society are however creating many difficult problems which are upsetting to the delicate equilibrium in our society. It is true that businesses have contributed immensely to the development of the society; however, they have also caused some major environmental and societal problems. These occurring problems and serious awareness that have been created by stakeholders and changing needs of today have led to constant calls for businesses to be socially responsible to their immediate and large societies.

Defining Corporate Social Responsibility

There is no one general definition for corporate social responsibility as several authors have defined the concept in many different ways. Robbins and Coulter (2007) defined CSR as "a firm capacity to adapt its changing operations and activities to changing societal conditions. According to Bowman and Haire (1976), it is "the organizations concern for the impact of her activities on the total welfare of the society." It is the stakeholders overall impression on the organization over time which reflects the organizations' relative standing with its employees and externally with its other stakeholders" (Bailey, 2005; Fombrum, Gardbery & Seyer, 2002, 2002). Robbins and Coulter (2007:103) defined corporate social responsibility as "a business obligation, beyond that required by law and economics, to pursue long term goals that are good for society" while also improving the quality of life of employees and the local community. McGuire (1963) earlier noted that "the idea of social responsibility supposes that businesses do not only have economic and legal obligations, but also certain responsibilities to the society….."

The definition above does not only recognize the economic and legal objectives, but also recognizes the supremacy of economic objectives and the importance of legal obligation of businesses; and at the same time, canvass a view which conceives the firms' responsibility in a more broad term. Siddiq & Javed (2014) have also defined social responsibility as, "the sense of responsibility of the organization towards social environment and community.' This definition suggests that what an organization actually does with their profits matters a lot to the society, as society believe that business organizations owes it some responsibility.

Carrol (1979) presented corporate social responsibility to cover, "all economic, legal, ethical and discretionary expectations that the various societies- immediate and large- have on business organization at a particular given time." This definition points out that while organizations strive to achieve their goals and objectives, they also seek to achieve all the four facets at the same time. In this sense, an organization does not live for itself alone, but also to protect and improve the welfare of the general society.

According to Singh and Misra (2021), CSR is concerned with organizations' charitable activities in the society, quality of life improvement, financial support to the community and responsibility toward employee welfare. Thus, CSR activities are directed toward both the internal and external stakeholders. Internal corporate social responsibility concerns organizations practices and operations activities that relates to the physical and mental wellbeing of its members, their reparation and interest in the organization, and work-family life balance (Turker, 2009; Brammer, Millinggton & Rayton, 2007; Suifen, Abdallah & Janini, 2018). The external social responsibility relates to organizations practices that have good positive impacts and outcomes on the society, which can be observed by the customers, investors, regulators, and other outside observers (Obiekwe & Nwaeke, 2019). It can also be seen as such good organizational practices directed towards customers, local communities, partners, suppliers and public agencies (Saleh, Sweis, Abdelqader, Abdullah &Arafeh, 2017; Albuhisi & Abdallah, 2018).

Dimensions of Corporate Social Responsibility

Several different dimensions of corporate social responsibility have been identified by researchers. While some considered the organization itself, others looked only at outsiders, and some other yet considered both the organization and the outsiders to generate their own dimensions. Saale (2005) identified basic responsibility, organizational responsibility and societal responsibility as the dimensions of CSR. Maduka (2010) identified sponsorship responsibility philanthropic responsibility and ethical responsibility as the core dimensions of corporate social responsibility. Meanwhile, Carrol (1996) typified corporate social responsibility into activities that involve economic, legal, ethical, and philanthropic responsibilities. Ghost (1993) identified five dimensions of corporate social responsibility as follows: Responsibilities towards owners (shareholders), employees, customers, government, and responsibility to the community/society.

Al-ma'ani, Al-Qudah and Shrouf (2019) identified environmental CRS, customers CRS, and community CRS as dimensions of corporate social responsibility. Environmental CRS refers to organizations carrying out its activities in a way that does not harm the environment. Thus it is the extent to which an organization considers the outcome of its activities on the environment and ensures not to harm the environment (Sand, 2015; Jyachandran, 2013).
Customer social responsibility: this refers to actions of an organization focused toward the customers that seek to ensure total transparence of their actions to their customers, and actions that seek to provide their customers with the exact needed services. Obiekwe and Nwaeke (2019) and Ali, Rehman, Ali, Yousef and Zia (2010) note that customers' awareness of organizations social responsibility activities affect their purchase intentions, retention and loyalty.
Community social responsibility relates to the operations and general activities of organizations aimed at affecting members of the public in a positive manner. Community refers to all stakeholders external to the organization; which includes employees, suppliers, creditors, investors, regulators, and individuals in the firm's operating environment.

Reasons for calls for Business CSR Involvement

The call for organizations to be socially responsible is based on the fact that organizations exist, draw inputs, and operate in the society, and therefore, should also give back to the society which they have benefitted from (Baridam, 1995), as privileges given to business organizations sprout from the fact that the society believes that there is a mutual interdependence existing between the two (Boafo & Kukuma, 2016; Obiekwe & Nwaeke, 2019; Robbins, Judge and Sanghi, 2009). And with growing awareness of the society concerning what to expect from business organizations, in addition to growing government legislations and regulations, no social institution would endure that fails to contribute to the needs of the society (Baridam, 1995).

Hay, Gray and Gafes (1976) note that, "business must learn to look upon its social responsibilities as inseparable from its economic function." In further argument for serious social responsibility involvement, Uzoaga, (1976) stated that, "if society's needs are left unattended to by businesses, such needs would turn into social disease, and that no institution is likely to thrive in a diseased society." This position showcases the true position in many developing countries especially Nigeria, where long-term neglect of needed social support of communities by businesses, multinational corporations and government agencies has turned erstwhile peaceful youths in the society into rebellious bandits, militants, kidnappers, armed robbers, and other social negative and harmful behaviours. These behaviours most often earlier started as protests and peaceful demonstrations against the insensitivities of businesses and government agencies before some of these provoked members of the society embolden themselves and metamorphose into the current deadly forms that threaten the society members including these businesses.

Business organizations thus, can no longer ignore with impunity, the various needs of the society by claiming that the only objective of business is profit making; nothing else. In this regard, Saddiq and Javed (2014) contended that, "the emerging perspective on corporate social responsibility is not to emphasis on shareholders perspective via profit maximization, but on stakeholders' view-points and welfare. In other words, corporate social responsibility is now seen by many as the coalition of business operation with the society. Aluko, Olugbesan, Gbadamosi and Osuagwu (2004) assert that, "as long as the business system remains a sub-system of the organized larger society, business firms have no choice than to be concerned with societal standards." Today, due to serious awareness by society and demand for organizations to be ethically and socially minded, several organizations are now deliberately making CRS an important part of their corporate strategy (Obiekwe & Nwaeke, 2019), as involvement in socially responsible actions has become a source of corporate competitive advantage in the business, by enhancing corporate reputation which helps attract goodwill and longer-term customers to the firm's brand. In this sense, Porter (2005) succinctly stated that successful executives know that corporate social responsibility is inevitable, and their long-term success is based on continued good relationship with as well as positive impact on the society.

Theories on corporate social responsibility assume that "since businesses exist, operate, and depend on society for existence, continuity, and growth"; businesses should treat society fairly, so that society will have good impression of businesses (Gonzalez & Gonzalez, 2011; Perdersen, 2010). However, In careful analysis of the calls for organizations involvement in corporate social responsibility activities, Obiekwe and Nwaeke (2019) and Baridam (1995) pointed out that the performance of a business and the social environment/conditions within which businesses operate, must inform the extent to which they would be socially responsible to the society.

Concept of Organizational Performance

Every organization is generally appraised by its performance, even though there is no general definition for the term, performance. Neely, Greggory and Plats (1995) equate performance with effectiveness. Collis and Montgomery (1995) state that many organizations are of the belief that their employees can provide them a competitive advantage, and therefore, their people are tangible source of needed performance. Nwaeke and Obiekwe (2017) and Obiekwe, Zeb-Obipi and Oparanma (2018) also pointed out that employees in organizations are the tonic that drive organizations from where they are to where they want to be. Thus, they are vital tools that contribute to, and drive organizational performance.

Performance refers to what has been achieved and how it was achieved (Irabora, 2019). It also refers to how productive an organization is in terms of revenues, growth, profitability, expansion and reputation, among others. Zeb-Obipi defined performance as, "a record of achievement by an organization at a given time period. Obiekwe, Obibhunun and Omah (2019) see performance as a product of individual and group effort coordinated to produce a desired output or result. Here, organizational performance is a product of the sum of individual and group effort within an organization, including intentional organizational support and action towards its achievement.

The Market Business News (2019) define organizational performance as, "a measure of how successful an organization achieves is predetermined goals and objectives." In other words, it is an organization's ability to attain its goals and objectives through efficient and effective use of available resources. According to Osisioma ,Nzuwi and Nwoye (2015), organizational performance is, " the extent to which a firm is able to accomplish its stated objectives in several financial and non-financial areas such as profitability, productivity, market share, turnover, innovation, customer satisfaction, etc. Obiekwe, Obibhunun and Omah (2019) identified profitability, market share, and business growth as key measures of organizational performance.
Irrespective of the varying dimensions of organizational performance identified by various authors, Obiekwe (2018) note that the major influence on the performance of any organization is the quality of workforce at the various levels of the organization. In other words, any performance measurement system to be utilized by an organization must of a necessity, consider all operations, activities, assets, and employees of the organization.

Corporate Social Responsibility and Organizational Performance
The concern of corporate social responsibility and its relationship with organizational performance can be very complicating, however, it is very glaring that neglect of social responsibility involvement can be very costly for business firms. Obiekwe and Nwaeke (2019) and Baridam (1995) affirm that a high sense of corporate social responsibility is a real necessity for business survival. Wood and Jones (1995) had noted that firm's corporate social responsibility was associated with both prior and future financial performance. According to Margolis and Walsh (2001) and Orlitzky, Schmidt and Rynes (2003), organizations that are very active in corporate social responsibility activities receive positive rewards from the markets. Miabhoy (2010) identified goodwill, public favour, and corporate trust as some key benefits that organizations involved in active social responsibility activities generates, these on its own, contribute to improve performance in the long-run, and increase profitability through customer intention and willingness to purchase or re-purchase an organization's product or and services, and thus, positively translate to improved organizational performance.

According to the Organization for Economic Co-operation and Development (OECD, 2011), some benefits of involvement in corporate social responsibility activities include risk reduction, corporate reputation, improved customer loyalty, goodwill creation, organizational identification, improved suppliers' network, among others. Singh and Misra (2021) also note that corporate social responsibility involvement creates positive links between business and society. Para and Krausz (1995) found that, "overall, firms perceived as having met the socially responsible criteria have either outperformed or performed as well as others that are not necessarily socially responsible."In their study of strategic corporate social responsibility management for competitive advantage, Filho, Wanderley, Gomez and Farache (2010) found significant relationship between social responsibility, corporate strategy and competitive advantage. Garay and Font (2011) in their study of corporate social responsibility and corporate performance, found that corporate social responsibility positively influences customer perception and firm performance. However, Obiekwe and Nwaeke (2019) pointed out that irrespective of the clamor from society for businesses to involve in social responsibility activities, management must understand that they should not overlook their primary responsibility; which is for the owners at the expense of 'solving or attending to societal needs'.

CONCLUSIONS AND RECOMMENDATIONS

This paper contributes to literature on the impact of corporate social responsibility on organizational performance. The review of related literature shows that corporate social responsibility involvements is utilized as a strategic tool to improve a company's reputation, acceptance, goodwill, and stakeholders' satisfaction; which all promote business profitability, and other financial and non-financial performance measures. Besides, the neglect of corporate social responsibility involvements can spell doom for businesses from which they may never recover in the long-run. In the light of the conclusions drawn, it is recommended that organizations should integrate corporate social responsibility programs into their corporate strategic plans so as to get management to commit necessary support and resources towards its implementation. Second, management should understand and ensure that it identifies stakeholders' core needs before embarking on any corporate social responsibility activity, as any program or activity that does not address pressing needs of a specific stakeholder; which the program was designed for would not be appreciated and valued. Any such activity and resources spent would be a waste of resources, likened to 'pouring water on solid rocks to be absorbed'.

In addition, every member of the top management should be made to understand the strategic benefits of any CSR activity, so that they could 'own' and contribute ideas on how best the organization should go about achieving the goals attached to each intended social responsibility actions. Moreover, organizations should ensure that they put in place, adequate corporate social responsibility disclosure mechanisms that make it easier for stakeholders to know about their philanthropic and other societal benefiting activities, as these will help to create a favourable reputation and goodwill. In addition, firms should improve the quality of their products and services in order to retain/attract customers, build market share, sales turnover and sustainability.

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