Impact of Corporate Social Responsibility Practices and Disclosures on Organizational Survival

Obiekwe, Onyebuchi Ph.D
Rivers State University,
Port Harcourt, Rivers State,
Nigeria.
noobekhezson@yahoo.com

Lawrence I. Nwaeke, Ph.D.
Associate Professor
Department Of Management
Rivers State University,
Port Harcourt, Rivers State
Nigeria.
nwaeke.lawrence@ust.ed.ng

Abstract
An organization does not operate in isolation. It draws inputs from its surrounding environments and exchanges outputs in form of products and services with all the components of a society in which it is a sub-system. An organization's ability to gain the confidence and acceptance of the society, and maintain a cordial and balanced relationship with its operating environments is a cutting edge business strategy that can be obtained through corporate social responsibility (CSR) involvement and its disclosures. This paper examines the impact of corporate social responsibility on organizational survival. Further, it focuses on various definitions and views of corporate social responsibility. It identified some benefits of corporate social responsibility involvement as: enhanced marketing image and performance, increased stake-holders confidence and acceptance, and customer's satisfaction which are intangible assets for survival and performance of any organization. It concluded that CSR involvement and its disclosures are powerful business strategies to gain competitive edge over competitors, maintain peaceful co-existence with host communities/society which are highly vital for corporate survival in our highly volatile and competitive business environments. It recommended, among others, that organizations should ensure adequate and strategic CSR involvement in order to earn the continued acceptance and patronage of their stake-holders. Organizations should also put in place adequate CSR disclosure mechanisms to communicate their CSR involvement to society in order to earn the goodwill of the society, create a positive public image, and earn the trust and acceptance of the society.

Keywords: Corporate social Responsibility (CSR), organizational survival, improved corporate image, corporate strategy, improved performance.

Introduction
Across the globe, changes in business environments have led to new and greater demands on business organizations to reconsider their major business objectives and operations as they affect the well-being of the general society and immediate operating environments. Today, new regulations, changes in customer’s tastes and preferences, globalization, advanced technological innovations, new product development, and new market competitions, have brought new challenges that organizations must cope with in order to survive and perform
effectively for the attainment of business goals and objectives. As competition among business organizations grow stronger, every organization looks forward for ways to gain competitive advantage over their rivals. Organizations, therefore, are seeking for and creating new strategies that will ensure their survival and growth in other to achieve predetermined and emergent goals and objectives. Among recent strategies organizations have resulted to, are involvement in corporate social responsibility activities and communicating of same. In the last few decades, there has been a popular outcry for organizations to be alive to their social responsibilities. The call for business organizations to live up to their corporate social responsibilities is most likely to continue because we now have more enlightened society, and every citizen is directly or indirectly affected by the operations and activities of business organizations. Besides, education and increased awareness generated by the media have contributed to make CSR a no push-over in our current corporate business world (Baridam, 1995; Aluko et al., 2004).

Today, corporate social responsibility has become a major strategy which organizations’ use as a vital instrument to enhance their marketing image, customer satisfaction and stakeholder’s acceptance (Castka and Balzarora, 2008), and improve long-term performance and business survival. The pervasive influence of large and even small business organizations in the society has made the issue of corporate social responsibility a very important issue to all business organizations and their stakeholders; for no social institution will endure that fails to contribute to the needs of the society in which they operate. The interaction of business with the society has led to series of changes occurring throughout the social system, and many problems are arising because of rapid changes which are upsetting the delicate equilibrium in our complex society. Currently, organizations are realizing that no social institution including business organizations that fails to contribute to the needs of the society will survive on the long run (Baridam, 1995: 28).

With ever increasing concern on environmental challenges and issues related to various products and services, delivery systems it is becoming a sensitive business strategy for organizations to embark on corporate social responsibility activities to facilitate a societal sensitive corporate image. Formbrum et al (2000) posit that it is expected and important that organizations fulfill their expectations and moral obligations at the level of society. However, the position and performance of a business and the social condition within which business firms operate must inform the extent to which they will be socially responsible to the society (Baridam, 1995: 32). Corporate social responsibility has today developed into an essential business strategy in the current business environment. It is not just enough and acceptable for organizations to produce quality products and services and be profitable, they are now also expected to act responsibly, and have a positive relationship with the society and environment in which they operate (Miabhoy 2010). There are high expectations on the organizations to perform in such a way that is glaring to the stakeholders that it has been responsible to the society. In trying to do this, managers of business organizations have started to communicate information about their ethical practices and social responsibility by using their annual reports or their website as communication tools for voluntary disclosure of some of their social responsibility activities in order to create, develop and enhance a friendly and favourable reputation as well as good public image for their organizations (Stanton and Stanton 2002; Hopwood, 1996; Judd and Timns, 1991; Berkey, 1990).

Perhaps, many organizations are taking CSR activities to mean extra expenses and waste of financial resources for them; however, organizations operating in very competitive and complex environments understand corporate social responsibility activities as a powerful
business strategy to gain competitive advantage over their rivals, by attracting the goodwill and patronage of the public, retaining existing customers., attracting new ones, and creating a favorable environment for peaceful co-existence with host communities, as well as encourage employee satisfaction in their workplaces. Aluko et al., (2004) stated that the relationship between business and society, business and its participants is very complex, yet dynamic. Li and Toppinen, (2010) pointed out that corporate social responsibility activities can improve efficiency and management of innovativeness through enhancing corporate intangible assets such as reputation, brand and stakeholders management.

Accordingly, corporate social responsibility has become a very powerful business strategy to drive marketing image and reputation, society’s acceptance of an organization and her products and services, and branding loyalty in order to increase competitive ability and enhance efficiency and business survival (Charhal and Sharma, 2006). When the society realizes that an organization has genuinely carried out some activities to improve their welfare, either through sponsorship, philanthropic activities, protection of the environment, production of quality products and services, good employee welfare and other societal concerns, the society will see it as an obligation to reward the organization back through acceptance of brands, purchase of the firm’s products and services and open defense and protection of the firm against external aggregation and threat that may arise from the host community. (Baridam, 1995).

Due to the increasing competitive pressures, increase enlightenment of stakeholders on social welfare matters, development of new technologies by rivals, organizations are nowadays engaging in, and using corporate social responsibility as a business strategy for organizational acceptance and survival. The issue of responsibility of business towards society merits consideration in all phases of strategic management; but to make it explicit and meaningful, it should be well grounded during organizations strategy implementation (Kazrni, 2001). However, Baridam (1995: 32) has pointed out that the performance of a business and the social conditions with which a business organization operates must inform the extent to which they will be socially responsive to the society. Be it as it may, it is expected and important that organizations fulfill their expectations of moral obligations at the level of a society (Formbrum et all. 2002). According to Uzoaga (1976) “the needs of the society if unattended to, turn into social diseases. And no institution, whether business or any other, is likely to thrive in a disease society”. Today, no organization can afford to ignore the call of the stakeholders to be socially responsible. If it does, the business might die as stakeholders’ move to undermine its successes.

This paper takes a theoretical incursion into the concept of corporate social responsibility by analyzing its definitions, the views of other experts and its benefits to organizations and society. It also examines how corporate social responsibility has evolved into a powerful business strategy to enhance organizational survival and productivity.

**Literature Review**

**Corporate Social Responsibility Defined**

The basis of defining CSR is to understand that business and society are interwoven and intertwined rather than being distinct entities (Wood, 1991), and that business organizations have some obligations toward the society in which they operate. Robbins and Coulter (2007:103) define corporate social responsibility as a business obligation, beyond that required by law and economics, to pursue long-term goals that are good for society. Carroll (1980) see it as the expectations that society in general and social segments, in particular,
have placed on business. It is the intelligent and objective concern for the welfare of society which restrains individual and corporate behavior from untimely destructive activities no matter how immediately profitable and which leads in the direction of positive contributions to human betterment (Cook and Mendleson, 1977).

Corporate social responsibility is the managerial obligation to take action to protect and improve both the welfare of society as a whole and the interest of an organization and its stockholders in particular. In other words, corporate social responsibility focuses both on the success of an organization as well as on societal welfare (Davis and Blomstorm, 1995). According to World Business Council for Sustainable Development (WBSCSD, 1999), corporate social responsibility is the ethical behavior of a company towards society whereby management acts responsibly in its relationship with other stakeholders who may have a legitimate interest in the business. It is a continued commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as that of the local community and society at large. This definition seems to cover every aspect of what stakeholders are clamoring for in CSR as it touches on the desires of all stakeholders. It, however, fails to address the responsibility of the organization to the owners.

Bowman and Haire (1976) see it as including the impact of all the corporate activities on the total welfare of society. Accordingly, this posits that every organization is influenced directly or indirectly by an organization and in turn the organization has some influence upon the society in which it operates (Baridam, 1995, Farook and Lannis, 2005). This view corroborates with the position of Aluko et al (2004) when they state that all corporate organizations are products or sub-systems of a larger society and that organizations exist for the society and can never cut itself out of the society. Koontz and Weihrich (1990) assert that corporate social responsibility is nothing more than seriously considering the impact of a company’s action on society. For Slocum (1996: 17) it is the degree to which a company recognizes what being a good community is and what global citizenship means, accordingly. It is also seen as the obligation of a firm beyond that required by law or economics is and to pursue long-term goals that are good for society (Robbins and Decenzo, 2001; Buchholz, 1990). It is a programme of actions where a firm’s core objectives are to contribute to the improvement of social welfare generally (Hediger, 2010).

In trying to be a good socially responsible organization, an organization, however, owes itself a duty to maximize profit and also try to be mindful of trying to improve the welfare of other stakeholders too at the same time. Organizations have to be careful of how they manage their profits along with being responsive to society and maintain their obligations to stakeholders. Baridam (1995: 32) has noted that the performance of a business and the social conditions within which business organizations operate must inform the extent to which business organization will be socially responsive to the society. Management should therefore understand that irrespective of their convictions for, or pressure from stakeholders for social responsibility involvement, attention should be placed on expanding profitability, as it is generally necessary for survival and sustenance of a company’s operations, of which social responsibility is among.

Views on Corporate Social Responsibility
The issue of social responsibility evokes varying and often, extreme responses. At one end is the opinion that does not favour including social responsibility in any business consideration. At the other extreme are views which strongly support that business should be socially responsible (the economic view). The most notable proponent of the argument against social responsibility is Milton Friedman, who argues that manager’s primary responsibility is to operate the business in the best interest of the stockholders, which is financial return to them in form of dividends. He also argued that anytime managers decide to spend the organizations’ resources for social good, they are adding to the cost of running the business, and this will also pass the costs to consumers through higher prices (Friedman 1962;1970).

It should be noted, however, that Friedman is not against organizations being socially responsible, but the extent of that responsibility is to maximize organizational profits for the sake of stockholders and their interests, Glueck (1980) in what seems to be a total support of Friedman’s position, as he noted, is that if a firm is socially responsible and their competitors are not, this increases the cost of the socially responsible firm thereby denying stockholders of their benefits. It will have to raise its prices and this will lead to loss of business to its rivals. In effect, involving in corporate social responsibility is a tax in disguise.

The Socioeconomic View; This is the view that management’s corporate social responsibility goes beyond making profits to include protecting and improving society’s welfare (Robbins and Coulter, 2007). Continuing, they noted that:

“This position is based on the belief that corporations are no independent entities responsible only to stockholders. They also have a responsibility to the larger society that endorses their creation through various laws and regulations and support them by purchasing their products and services”.

This position has also been expressed by Aluko et al (2004) and Baridam (1995) that, corporate organizations are products or sub-systems of a larger society, and therefore should respond to societal demands, since organizations exist for the general interest of the society. Moreover, profit maximization is not the only objective of a business; therefore, some profits should be diverted to social projects in the short-run to enable the firm to survive in the long-run.

In between the two extreme views, Gupta (2002) stated that there is considerable support for the opinion that all business organizations should attempt to solve all types of social problems. Rather, social responsibility should be discharged in such a manner that corporate competence acts as a limitation and that the scope of social responsibility is limited to those areas where the business organization can achieve its self enlightened interest. In other words, the economic goals and social responsibility objectives should be achieved simultaneously instead of contradicting each other. In fact, an organization’s CSR activity should help it achieve some of her stated objectives in conjunction with social expectations.

AS Nwaeke (2005) had observed, being socially responsible does not require that a company should abandon its other primary responsibilities or missions, rather, it means that management should be able to accept the challenge of blending organizational responsibilities into a comprehensive corporate strategy and not losing sight of any of its obligations. These responsibilities may crash at times and at other times they may work together to improve the firm’s operations and performance. Having multiple and sometimes competing responsibilities does not mean that socially responsible companies can not be as profitable as others less responsible. The truth is that some are and some are not. But many try to be. In principle, social responsibility requires companies to balance the benefits they gain against the costs of achieving those benefits. Both business and society gain when companies actively strive to be socially responsible. Doing so symbolizes symbiosis.
Benefits of Corporate Social Responsibility

Interestingly, many organizations are getting more involved in corporate social responsibility activities. Intuitively, one expects that no organization should spend her resources, effort and time in what will not offer her some benefits either directly or indirectly. Therefore, with many organizations making CSR a serious part of their marketing and public relations strategy, it is believed that the organizations are deriving much benefits from the involvement in social responsibilities. These benefits include:

1. Improved corporate image and reputation: Corporate Social Responsibility involvement makes the suppliers, business partners, clients/customers to have more confidence on the organization, and this improves the organization’s image and goodwill. When stakeholders have confidence in an organization, they patronize them more and this contributes to the long-run success of the organization and its level of profitability. Nguyen and Leblanc (2001) see corporate image as a symbol or mark that represents a company and an overall impression of quality communicated, as well as an elusive asset in the relationship between a company and clients. Chahal and Sharma (2006) stated that an organization’s image can be built and increased through corporate social responsibility efforts. Corporate social responsibilities tend to promote goodwill, public favour and corporate trust. These do contribute to the long-run success and profit of the organization (Abiodun, 2011, Aluko et al, 2004 and Baridam, 1995). Corporate image of a firm should therefore be considered as an asset that gives the firm a competitive advantage, as firms with good public image are considered credible, reliable, trustworthy and responsible to employees, customers and shareholders. Gupta (2002) noted two components of a company’s reputation as corporate ability to deliver and extend corporate social responsibility to society.

2. Increase financial performance: The relationship between social involvement and economic performance of a firm can truly be complicated, but there is no doubt that a disregard for social issue can be very costly for a firm. Gupta (2002) pointed out that a high sense of social responsibility is a real necessity for the survival of any business organization. Study by Wood and Jones (1995) showed that a firm’s corporate social performance was positively associated with both prior and future financial performance. Baridam (1995:31) noted that in the long run the profits of a business will be higher if it is socially responsible. He cited an example that if a business in a ghetto does not hire members of the local minority group it will lose business and suffer pilferage; it may be burned down by some radical members of the group. Societies appreciate corporate social responsible initiatives that are designed to genuinely affect the life of the society and other stakeholders positively will always generate more and more customers. The activities of oil firms in the Niger Delta region of Nigeria have shown that a firm may openly profess to be active in CSR activities but lack the will to follow and implement their drawn up programmes or activities which mostly end up in paper without any effort to show for their implementations. Consequently, the youths of the area have taken up arms against major oil firms by attacking their vessels, and oil facilities and even kidnapping and killing officials and employees of these firms, thereby disrupting their business activities and the resultant effect has been high loss of profit. Some expatriates also find it difficult to accept to work in such areas for security reasons. It then means that involving in CSR initiatives can result in a peaceful co-existence between organizations and their host communities. This directly helps firms to peacefully conduct their businesses and achieve increase in profitability. Brunt (2009) in Miabhoy (2010) pointed out that it is essential for companies to recognize that
understanding consumer’s perspectives and how they perceive CSR and CSR initiatives is imperative for the well-being of organizations.

Concept of Organizational Survival
Organizational survival refers to an organizational ability or state of continuing to live or exist, often despite difficulties or dangers faced by the organization in its operational domains (Obiekwe, 2012). Organizational survival takes place when an organization continues to meet its obligations, both financially and socially to its stakeholders, and when it is still in its business operations and has not closed down due to liquidation or other challenges in its operating environments. An organization is seen as have survived as long as it “acquires inputs from suppliers and provides outputs to a given public (customer, client etc). The organization is seen as a failed one when coalitions of its resource providers cannot be induced to supply resources and firm cannot repay resource providers for past support (Sheppard 1989). Organizational survival has many connotations; both subjective and objective. The most objective way to measure survival in organizations is to observe their continuing existence. This is problematic given the nature of mergers and acquisitions (DelaCroix and Carrol, 1983). According to Pfeffer and Salancik (1978) a way of clarifying the matter is to employ a resource dependence approach. An organization survives as long as it acquires inputs from suppliers and provides outputs to a given public for consumption or for use in future production processes.

Obiekwe (2012) stated that survival can be seen as non-failure, that is, non-bankruptcy of an existing organization; when an organization closes down operation as a result of not meeting the financial obligation of customers and employees, when it files for bankruptcy, when it does not meet the financial obligations of the regulatory agency (ies), or when her assets (market value) fails to a value less than the market value of its liabilities, it has failed (Moulton, 1988). Organizational survival can be measured using profitability, liquidity, innovativeness, and growth and employee development. An organization’s failure occurs when an organization cannot induce the coalitions of its resource providers to supply resources and the firm cannot repay resource providers for past support (Sheppard, 1989), and when an organization has entered bankruptcy proceedings (Moulton, 1988).

Corporate Social Responsibility Activities/Disclosure and Organizational Survival.
With the high paced competition going on in our business environment, the offers and counter offers being made by various organizations to get the attention of customers, it has become important for organizations to engage in and communicate their social responsibility activities to the general public in order to let the stakeholders be aware of what they are doing for them and the society at large. The best and fastest way of letting people know what you are doing is to tell them what you have done. This is because corporate social responsibility activities will not serve any purpose of enhancing organizational image, attract and retain skilled workforce, etc, when the people the CSR programmes were carried out for are not aware of them and other positive organizational activities and intentions toward them. A Nigerian saying has it that, “if you do not tell people who you are or what you are doing, no one will know who you are or what you are doing” is a truism.

The success of CSR activities as a strategy for business performance, adaptability and survival depends on how effective the organization is able to communicate what it is doing to its major stakeholders. It will be an “unnecessary waste” for an organization to spend huge amounts of resources on CSR activities and the people (stakeholders) who the activities were carried out for are not aware of it. In addition, the programmes must be those that will impact positively on the stakeholders and on which they will benefit, rather of carrying out projects
and believing that society will appreciate the organization’s efforts. Furthermore, the disclosure of these corporate social responsibility activities by organizations has become another powerful strategy to project the involving organizations in good light before the public and thus, making stakeholders to see or view them as organizations that care. Business organizations today seem to understand this truth and are therefore setting aside parts of their profits and operating resources to communicate their involvement in corporate social responsibility activities to the general public. MTN, a multinational communication outfit operating in Nigeria is currently and heavily communicating and “advertising” their philanthropic work in the IDP’s camp in North East Nigeria. Even clubs and churches, most often, spend great deal of their financial resources communicating their charity and philanthropic work to the society. This is clearly evidenced in some documentaries aired in most local television stations in Nigeria by Omega Power Ministry, a religious outfit headquartered in Nigeria.

Recognizing that genuine intention of organizations CRS activities are positively related to increase customers brand loyalty and acceptance and attraction of new customers (Chahal and Sharma, 2006), some customers also consider how socially responsible an organization is before they decide to part with their money on the organization’s products (Bhattacharya and Sen, 2004). Therefore, increase in sales, profitability, customer’s continuous loyalty, goodwill and brand acceptance and peaceful coexistence are easily and highly achieved through society’s beneficial social responsibility activities. Involvement in corporate social responsibility activities have been found to be associated with marketing image, stakeholders acceptance, customers loyalty, attraction of new customers and those which lead to improved profitability, customer satisfaction, improved originations’ image, improved market share, increased performance, and also contribute toward competitive advantage (Klein and Dawar, 2004; Nutittamont and Ussahawanitchakit, 2010; Sharma et al, 2010) which are vital for survival of organizations in our global market economy.

**Conclusion and Recommendation**

Corporate social responsibility has evolved into a powerful business strategy to gain competitive advantage in our highly competitive global market environment where production of quality products and services, and high powered advertisements are no longer a guarantee that customers will buy from a firm. Today, stakeholders are calling on organizations to be more involved in ensuring beneficial activities to the society by fulfilling their societal expectations as they affect the various stakeholders of the organizations, since an interaction between business and the society is a mutual relationship in which one depends on the other for its wellbeing. The way the society sees business organizations in relation to her involvement in some actions that benefit the general society is therefore very important today. CSR involvement can no longer be swept under the carpet anymore. The society always favour firms that show genuine care and concern for her wellbeing and always finds a way to punish organizations that fails to get involved in CSR activities (Sen and Bhattacharya, 2001).

Involvement in corporate social responsibility activities have been found to be associated with the marketing image of organization’s stakeholders acceptance of corporate entities, customers loyalty, and attraction of new customers to organizations which lead to improved profitability, customer satisfaction, improved originations’ image, increase in market share, increased performance, and it also contributes to a higher corporate competitive advantage (Klein and Dawar, 2004; Nutittamont and Ussahawanitchakit, 2010; Sharma et al, 2010)
which are vital for survival. As a result, organizations should ensure that they make corporate social responsibility a major part of their corporate strategy in order to gain competitive advantage over their rivals by gaining the confidence of their stakeholders who can directly or indirectly influence their continued corporate existence and survival. In doing this, organizations should recognize that understanding the society’s stakeholder’s perspectives and how the company’s social responsibility programmes are related to the needs and perspectives of the stakeholders is very important.

Organizations should also ensure that they communicate to their major stakeholders of their CSR involvement in order to make the society know that they really care about society’s welfare.

This is because; a closed mouth is a closed destiny (Nigerian proverb). In addition, organizations should get their major stakeholders involved when they are planning some CSR programmes for their specific locality, as any CSR activity that does not impact positively on the people that it was carried out for, will not be appreciated. Miabhoy (2010) and Baridam (1995) have stated that organizations should be careful of managing their profitability along with being responsible to society and their obligation to stakeholders will pay off on the long-run.

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