Impact of Corporate Social Responsibility on the Performance of Organizations

Chinwe Lovina Duaka

Abstract: The study assessed the impact of corporate social responsibility on the performance of organizations. Cooperate Social Responsibility (CRS) is one of the most prominent concepts in the literature and in short, indicates the positive impacts of businesses on their stakeholders. Critics argue that Corporate Social Responsibility (CRS) distracts from the fundamental economic role of businesses. Others argue that it is nothing more than superficial window-dressing; others argue that it is an attempt to pre-empt the role of governments as a watchdog over powerful multinational corporations. Corporate Social Responsibility policy would function as a built-in, self-regulated mechanism whereby business would monitor and ensure its adherence to law, ethical standards, and international norms. Business would embrace responsibility for the impact of its activities on the environment, consumers, employees, communities, stakeholders and all other members of the environment community growth and development, and voluntarily eliminating practices that harm the public sphere, regardless of legality.

Keywords: Corporate, social responsibility, performance, organization

I. Introduction

Corporate Social Responsibility (CSR), also known as Corporate Responsibility, Corporate Citizenship, Responsible Business, Sustainable Responsible Business (SRB), or Corporate Social Performance is a form of corporate self-regulation integrated into a business model. Social Responsibility is also an ethical or ideological theory that an entity whether it is a government, corporation, organization or individual has a responsibility to society at large. This responsibility can be “negative”, meaning there is exemption from blame or liability, or it can be “positive”, meaning there is a responsibility to act beneficently (proactive stance) (Chen, 2019).

Cooperate Social Responsibility (CRS) is one of the most prominent concept in the literature and in short, indicates the positive impacts of businesses on their stakeholders. Despite the growing body of illustrates on this concept the measurement of Corporate Social Responsibility is still problematic (Carroll, 2008).

Critics argue that Corporate Social Responsibility (CRS) distracts from the fundamental economic role of businesses: others argue that it is nothing more than superficial window-dressing; others argue that it is an attempt to pre-empt the role of governments as a watchdog over powerful multinational corporations (Carpenter, Bauer, and Erdogan, 2009).

Ideally, Corporate Social Responsibility policy would function as a built-in, self-regulated mechanism whereby business would monitor and ensure its adherence to law, ethical standards, and international norms. Business would embrace responsibility for the impact of its activities on the environment, consumers, employees, communities, stakeholders and all other members of the environment community growth and development, and voluntarily eliminating practices that harm the public sphere, regardless of legality. Essentially, Corporate Social Responsibility is the deliberate inclusion of public interest into corporate decision making and the honouring of a triple bottom line: People, Planet, Profit (Bena, 2019).

The present study is to assess the impact of corporate social responsibility on the performance of organizations.

II. Defining the Corporate Social Responsibility Concept

The aim of any business is to maximize profit for the share holders which is the law, the organization should also face morals (Saylor, 2018). That is meeting the requirement of the social responsibility, a response to morality emanating from societal pressures. One definition from the 1980’s which was a time of fewer definitions, more research, and alternative theme, is “the proper corporate social responsibility of business is to tame the dragon, that is to turn a social problem into economic opportunity and economic benefit into productive capacity, into human competence, into well paid jobs and into wealth (Carroll, 1999).
According to Carroll (1999), Corporate Social Responsibility is a product of the 20th century and its history can be turned back to the 1950’s when an era of scientific studies on the subject started. The debate regarding what responsibilities organizations actually have in today’s society has to a large extent coloured the definitions and discussion of the topic.

According to Carroll (1999), one early definition of the concept from the 1950’s when the modern era of social responsibility began is “the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of actions which are desirable in terms of objectives and values of our society (Carroll 1999). Two more recent definitions are the intelligent and objectives concern for the welfare of society that restrains individuals and corporate behaviour from ultimately destructive activities, no matter how immediately profitable and leads in the direction of positive contributions to human betterment. (Lantos, 2001, p.600), and “an organization’s objections to conduct business in such a way as to safeguard the welfare of society while pursuing its own interest.” (Holt & Wigginton, 2002).

According to Stoner Freeman & Gilbert (2007), Corporate social responsibility is what an organization does to influence the society responsibility in which it exists, such as through volunteer assistance programs. Business social responsibility is operationally defined as the managerial intellectual concern and practical involvement on social issues relating to business interdependence with the society of location (Onwuchekwa, 2002).

The concept of Corporate Social Responsibility refers to the firm’s consideration and response to issues beyond the narrow economic, technical and legal requirements of the firm’s productive activities. Social responsibility issues are aspects of environmental turbulence and surprise which a firm must manage for the purpose of stability (Ibid). This is so by the Current perspective regarding the fundamentals of corporate social responsibility as listed and discussed through:

1. The Davis model of corporate Social Responsibility.
2. Area of Corporate Social Responsibility and

III. Philosophy of Responsiveness (Company Approach to Corporate Social Responsibility)

According to Onwuchekwa (2000), for a business to formulate a social responsibility strategy, there must be an articulate managerial philosophy and good knowledge of strategy management system development. The business organization is a social system that has basic elements, structural and functional relationship with the society of location. The internal factors that help business organizations accomplish its goals include technology, participants, social structure, organizational structure and goals (Ibid). Even though there is a greater emphasis on social responsibility today, there are still great differences regarding the question of how much responsibility company should take. The opinions range from those who argue that the most important goals of a company is to make large profits and the only responsibility it has is towards the company shareholders; to those who believe that organizations activities should take a greater social responsibility and try to solve problems in society (Deresky, 2003).

The different categories of social responsibility are economic, legal, ethical and discretionary responsibilities. Economic responsibilities make up the base of the cube and the foundation of all corporate responsibilities, as a business sin it self is an economic unit. Economic obligations include continued growth and to meet consumption needs. Legal responsibilities refer to company’s obligations to meet economic goals, within legal boundaries (Ibid). Ethical responsibilities imply that to activities that companies should follow moral rules that have been defined by society (Karake & Shalhoub, 1999). The fourth category of responsibility, discretionary responsibilities, refers to activities that are not required by law nor expected of organizations, in an ethical sense, this can include donation of funds to charities, arranging, day-care centers for working mothers, taking a greater responsibility for the environment than legally required, improving some aspects of the local community which is not directly related to the organizations operations. (Maignan & Ferril, 2000).

The different levels of philosophy range from the bottom to the top of the cube, with proactive as the highest levels of responsiveness to social issues, where companies actively seek to improve and contribute to society. Reaction is the philosophy with lowest responsiveness, indicating that companies simply react to eventual crisis that might occur. The level of philosophy on the top of the cubes matches the level of social responsiveness on the side, in combination with the social issues involved. This implies that a company with a proactive philosophy will try to carry out discretionary responsiveness, while a company with a defensive philosophy will only fulfill it legal responsibilities in relation to the social issues that it faces. (Deresky, 2003).
IV. Integrating Corporate Social Responsibility

A company can integrate Corporate Social Responsibility in different ways. The discussion below presents some of the most commonly mentioned strategies available in the literature today, for how organizations can implement and organize for Corporate Social Responsibility in company operations.

COMMUNICATION. Communication is “the process of transmitting thoughts or idea from one person to another” (Francesco & Gold, 1998). Communication is the key concept to effectively expound Corporate Social Responsibility strategies with all stakeholders, within and outside an organization (Gillis and Spring, 2001). Common communication means internal communication strategies, publicity of corporate mission and values, voluntary reports by the company, information on company website, compulsory government reporting paid advertising and information on produce labeling (Ibid).

V. Corporate Social Responsibility Leadership

According to Carrol (2001), Moral leadership and top management that understand the elements of Corporate Social Responsibility and how to implement it in organizations are key factors for success to any firm that attempts to be a good corporate citizen. Desal and Rittenburb (1997), state that the Chief Executive Officer (CEO) and top management have important roles to play when incorporating social responsibility in organization since they are role models have the ability to establish core values, which can be instilled throughout the organization.

5.1 Corporate Culture, Mission and CRS

Somers (2001) states that in order to understand the connection between explicit forms of social responsibility such as codes of conduct, and actual organizational behaviour, the corporate culture has an important role to play.

According to Deresky (2003), the mission of an organization is “its overall function it performs in the society”. Many researchers have come to the conclusion that the social responsibility of a business is set by the management and then gradually integrated within the organization through policies and corporate culture. Therefore, the C.E.O and management should act as role models and develop a set of core values and principles that should be communicated and institutionalized throughout the organization if the company wishes to defined itself as socially responsible. (Desal & Rittenburb, 1997).

5.2 Organising for Corporate Social Responsibility

One fundamental issues of Corporate Social Responsibility is the identity of the organization, since it will shape the company’s responsibility of stakeholder issues as well as create a basis for stakeholders expectation (Andriof & McIntosh, 2001). Griffiths and Patrick (2002) proposed that team based organizational structure are favourable in relation to Corporate Social Responsibility. A specific measure to deal with Corporate Social Responsibility is to create department that work with Corporate Social Responsibility related on issues a permanent, day-to-day basis (Bateman & Zeithaml, 1999).

Codes of conduct are on the first manifests and visible signs of concern of corporate responsibility (Brything, 1997), and today codes of conduct are the most common way to communicate corporate responsibility standpoints (Donaldsom, 1996). Schlegelmilch and Houston (1989) defined a corporate code of conduct as “a statement setting down corporate policies, ethics, rules of conduct, code of practice or company philosophy concerning responsibility to employees, shareholders, consumers, the environment, or any other aspects of society external to the company” (Schlegelmilch & Houston, 1989). One difficulty that most businesses come across when establishing their responsibility towards society through codes of conduct or other activities are the conflicting interests and concerns of various stakeholders. In general, there will always be trade offs, and it is for the company to decide and carefully assess to which extent and how to go about it (Holt & Wigginton, 2002). There are several different ways for a company to develop a Corporate Social Responsibility posture through business practices and policies and some organizations follow guidelines provided by to mention a few, the international Chamber of Commerce (ICC), the International Labour Organization (ILO), the Organization for Economic Co-operation and Development (OECD), and the United Nations Commission on Transitional Corporations (UN/CTC)(Deresky, 2003).

5.3 Area of Corporate Social Responsibility

Andriof and McIntosh (2001) argued that the foundation of corporate social responsibility consists of four specific areas:

i. The environment
ii. The work place
iii. The community
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iv. The market place

According to Andriof and McIntosh (2001), organizations can take responsibility by developing programs, monitor and change the effects of their operation within each specific area. Thus socially responsible corporations step up to their obligations regarding these areas and try to improve the conditions and behave appropriately. Onwuchekwa (2000) opined that social responsibility programmes is expected to focus on one of these social responsibility areas.

i. Poverty e.g. to improve the situation by providing jobs
ii. Ecological problems caused by pollution
iii. Transportation
iv. Fuel distribution.
v. Consumerism

Ethical Consumerism

The rise in popularity of ethical consumerism over the last two decades can be linked to the rise of Corporate Social Responsibility. As global population increases, so does the pressure on limited natural resources required to meet rising consumer demand (Grace and Cohen 2005). Industrialization in many developing countries is booming as a result of technology and globalization. Consumers are becoming more aware of the environmental and social implications of their day-to-day consumer decisions and are beginning to make purchasing decisions related to their environmental and ethical concerns. However, this practice is far from consistent or universal. Deresky (2003) states that the impact that organizations designs have on issues such as poverty, lack of equal opportunities, the environment, consumer concerns, employee safety and welfare are the most quoted in the literature regarding Corporate Social Responsibility in organizations.

VI. Activities of Corporate Social Responsibility

Johnson and Scholes (1999) divided Corporate Social Responsibility into internal and external activities. Internal activities include employee welfare such as medical care, assistance with mortgage, extended sick leave, and assistance for dependants, working conditions such as enhancing working surroundings, social and sport clubs and above all minimum safety standard as well as job design such as pollution control and energy conservation, products such as safe products, market and marketing, such as ‘fair’ terms of trade and blacklisting supplies. Moreover external include employment such maintaining job, as well as community activities such as sponsoring local events and supporting local charity works (Ibid). Sen and Bhattacharyn (2001), summaries Corporate Social Responsibility activities into six different ways. Each aspect can involve many different ways for companies to engage in Corporate Social Responsibility (Ibid). An outline of the categories is:

Community Support: Support of arts and health programs, education and housing initiatives for economically disadvantaged and generous/innovative giving.

Diversity: Gender, race, family, sexual orientation and disability based diversity record and initiatives, within and outside the firm.

Employee Support: Concern for safety, job security, profit sharing, union relations and employee involvement.

The Environment: Environmentally friendly products, hazardous waste management, use of ozone depleting chemicals, animal testing, pollution control and recycling.

Non-Domestic Operations: Overseas labour practices and operation in countries within human right violation.

Product: Product safety, research and development, innovation, marketing/contracting controversies and antitrust disputes. (Ibid).

Impact of Social Responsibility on Organizational Performance (the Dependent and the Independent Variables)

The dependent variable, which is the organization performance, depends on the organizations corporate social responsibility to achieve a high performance goal. Thus: To Improve Economic Game: For instance, the study carried out on the corporate social responsibility showed that the organization executes social responsibility for one of the purpose being to increase the profitability of the business. The organization believes that when she indulges in social works for the public, there is bound to be better patronage hence more customers for the organization.

i. To Enhance Corporate Image: Corporate image is a function of organizational signals that determine the perceptions of various stakeholders regarding the actions of an organization. Because of its relationship to the actions of organization, recent research has determined that social performance has direct effects on the behaviours and attitudes of the organization’s employees. In the exhibition of kindness to various groups that deal with the organization like creditors, debtors, suppliers, workers and community, the organization is interested in providing to them that it is “a good personality to deal with” Akpala (1990).
In other words, business associates executes social responsibility to the improvement of their corporate public image.

ii. To improve financial standings: The financial status of the organization is bound to improve as a result of the brand royalty created by the activities of the organization on corporate social responsibility. Here patronage is highly encouraged.

VII. Monitoring and Evaluating the Performance of CSR Programmes

With the types of theoretical formulation above, it will be reasonable to evaluate performance of the social responsibility programmes of a ‘company or business organization to understand its successes and failure. (Onwuchekwa, 2002).

Since the social responsibility programme of a business organization has some objectives, there is the need to suggest some criteria against which performance can be assessed. Specifically, such an assessment must aim at measuring and assessing:
1. Structural performance in terms of assessing the effectiveness of accomplishing the objectives of the programme.
2. Economic performance in terms of the programmes generating economic resources required to maintain it.
3. Public consumption and company’s public image, in terms of number of people who benefited from the programme and the extent of the change in public attitude towards the company. Positive change in attitude means improvement in public image of the company. This will guarantee stability and long survival of the company in the society (Ibid). Several different alternatives are available for any organization that wishes to monitor and control its Corporate Social Responsibility work. Standards, measuring methods, evaluation systems, audits, and report systems are all examples of how a company can monitor its CRS work. The following sections provide an overview of some of the ways for a company to monitor Corporate Social Responsibility.

VIII. Corporate Social Audit Scheme

According to Zadek (2001), a social audit is a commitment to systematic assessment of reporting on some meaningful, definable domain of a company’s activities that have social impact. Companies are gradually increasing their use of social audit. According to Onwuchekwa (2000), various reasons can be given for this interest (Bauer and Fenn) through Onwuchekwa (2000), identified some of these reasons as:

1. Executives wait to obtain both an individual and a corporate image of social responsibility that harmonises with a public concern that they believe will not subside.
2. The values and priorities of the business, those of society in general, are changing towards greater social responsibility.
3. Consultants are trying to develop ways of performing social audits.
4. There is an outside stimulus from social interest group urging the company to become more socially responsible.
5. Non-profit organizations such as churches and educational institutions are being urged by their members to determine if the companies in which they are investing are socially responsible.

General Guideline for an Effective Audit includes:
1. To determine areas in which the firm feels it should be socially responsible.
2. The degree of involvement must be established.
3. Performance measurement must be agreed upon.
4. Some answers to the question. How do we defined the success of our programmes? One way of getting through all the four stages is to develop a social audit inventory or checklist for use in evaluating performance in those areas of the firm which they wish to stress (Onwuchekwa, 2000).

REPORT: Ethical and social reporting have won widespread acceptance as a means to monitor and report organizations social performance, however the confusion within this field is vast and one can easily becomes dizzy just by the terminology, ‘Social audits’, ‘ethical accounts’, ‘human accountability’, ‘intellectual’, ‘social performance reports’, ‘social balances’, ‘ethical budgets’ and ‘social reviews are only few of the terms used. There is also a disagreement on what the term implies and the difference between them (Starky & Welford, 2001). This confusion might be explained through a quotation. “There is no such thing as a standard social report because the nature of each report depends on the range of stakeholders for whom it is intended”(Rothron, 2000).

In response to general pressure for organizations to assume social responsibility and be held accountable to constituent interests for their performance, companies have made reports of their social activities. There are two fundamental types of social audit. One type is required by government agencies to meet reporting requirements for such activities as equal opportunities, pollution statement and product performance.
Reporting requirements vary widely. The second type covers an audit that concerns social programmes undertaken voluntarily. These vary from brief comments in annual reports to elaborate research reports (Corson & Sterner through Onwuchekwa, 2000, P. 161).

What are companies doing?

Corporate social audits are phenomena of literally the past dozens of years although the origin of the approach has been traced back to 1940 (Carrol & Butcholt, 2003). One survey asked corporations this question: has your company attempted within the period of one year to assess what has been done in any of a series of activities fields? A surprising 76 percent of 284 responding firms answered affirmatively (Corson & Sterner through Onwuchekwa, 2000). The same survey asked respondents what purposes led their companies to make social audit and these were the responses:

1. To examine what the company is actually doing in selected areas.
2. To appraise or evaluate performance in selected areas.
3. To identify those social programmes that the company feels it ought to be pursuing.
4. To inject into the thinking of managers of social point of view.
5. To ensure that specific decision-making process incorporate a social point of view.
6. To meet public demands for corporate accountability in social areas.
7. To inform the public of what the company is doing.

Even though there are several different ways for organizations to report on specific elements of performance, the commonly cited ways to report are:

- **Capital valuation** - that indicates how various forms of capital (including environmental and human capital) is managed.
- **Corporate Community Involvement Reporting** — that answers the question “what are the community involvement policies of the organization?
- **Ethical Accounting** — By reporting a wide range of issues through which shared values may be identified.
- **Social Auditing** – Which provides an external examination of an organization’s financial analysis across stakeholders groups.
- **Statement of principles and values**, include an evolving statement of responsibility.
- **Reflect the integration** of social and ethical environment and economic performance. (Holland and Gibbon, 2001).

10.0 Relationship between Corporate Social Responsibility and Organization Performance

Meijer & Schuyt, (2005, P. 144) defined CRS as:

“Social responsibility of business encompasses the economic, legal, ethical and discretionary (Philanthropic) expectation that society has organization at a given point in time”.

Sims (2003) states that the term corporate citizenship is growing in popularity and further that it collectively embraces the host of concepts related to Corporate Social Responsibility which emphasized action and activity, corporate social responsiveness which emphasizes activity and corporate social performance which emphasizes result and outcomes. Wood (1991) defines corporate social performance (CSP) as: “a business organization’s configuration of principle of social responsibility processes of social responsiveness and policies, programs and observables outcomes as they relate to the firms” social relationship”. Sima (2003) state that CSP is more of a focus intended to suggest that what really matters is what that CSP is more to accomplish. Furthermore CSP is meant to be the result of the company’s acceptance of CSR and adoption of a responsiveness philosophy.

11.0 Corporate Social Responsibility & Organizational Performance

Several authors such as Sims (2003), Kotler and Lee (2005) and Rantzien (2003) state that Corporate Social Responsibility leads to profitability in the long run. Companies have recognized that having a social responsibility strategy makes them more competitive (Mcintosh etal 2001).

11.1 How C S R Relates To Company’s Performance?

This paper is to assess the impact of corporate social responsibility on the performance of organizations. Corporate Social Responsibility is related to a company’s performance namely through the value linking chain.

**The Value Linking Chain**

The value linking chain is influenced by Heskett, Jones, Loverman and Schlesinger’s (1994), the Service Profit Chain as well as by Carroll (1991) The values linking chain depicts how different values are put into an offer. Furthermore how customers and how those evaluations affect the company performance evaluate this both before and after the purchase. There are
multiple elements that are put into the offer for example availability and price (Levitt, 1980) and Corporate Social Responsibility:

- The potential product
- The augmented product
- The expected product
- The generic product
- Philanthropic
- Ethical
- Legal
- Economic
- Evaluate
- Offer
- Point
- Purchase
- quantity
- Satisfaction
- Customer
- loyalty
- retention

Performance is a part of the offering. The product has different meaning for different customers, the customer then evaluates the offer before the purchase of the product. This evaluation can lead to the customer accepting the offer and buying the product or service. If the customer buys the product he or she enters a post purchase state of evaluation where if the product or service is perceived as good quality the customer is satisfied and stays loyal to the company. Loyal customers in turn, are more profitable and help heighten the company’s performance according to the service profit chain (Heskett et al, 1994).

Here are different items of the value linking chain, the service profit chain, the pyramid of corporation social responsibility, level of CRS, the total product and the evaluation of the offer and quality.

11.2 The Service Profit Chain

The service profit chain is a model which links internal services and employee satisfaction to customers’ values and ultimately to profits (Zeithaml & Bitner, 2003) and serves as an explanation to how investment in people drives profitability. Heskett et al (1994, 164) state that: the services profit chain establishes relationship between profitability, customer loyalty and employee satisfaction, loyalty and productivity.

Both Heskett et al (1994) and Hallowell and Schlesinger (2000) state that customer loyalty drives profitability. Hallowell and Schlesinger explains this by claiming that loyal customers reduce a company’s marketing cost through repeat purchase and word of mouth advertising reduce operating cost by being familiar with the company’s operating system and increase revenue by being less price sensitive. Some of the ideas behind the service profit chain have been implemented in the value linking chain. However, where as the service profit chain emphasizes investment in Operating strategy and service delivery system

- Employee retention
- Internal
- Service quality employee, the values linking chain focuses on elements include in the offering in order to make it more attractive. The two models final parts are similar though and both emphasize how loyal customers are more profitable and heighten the company’s performance.

11.3 The Pyramid of Corporate Social Responsibility

According to Carroll (1991), pyramid of Corporate Social Responsibility contains the four components of Corporate Social Responsibility economic, legal, ethical and philanthropic or discretionary responsibilities. These responsibilities in the pyramid are put into the value linking chain in the form stated below. Carroll (2003) describes the relationship between the components by stating that all of his social responsibility:

PHILANTHROPIC
Responsibility: be a good corporate citizen. Contribute resources to the community, improve quality of life

ETHICS
Responsibilities: Be ethics Obligation to do what is right, just and fair. Avoid harm

LEGAL
Responsibilities Obey the law. Law is society’s condition of right and wrong.

Play by the rule of the game.
ECONOMIC
Responsibilities Be profitable, the foundation upon which all others rest added together equals Total Corporate Social Responsibility (TCSR).

11.4 Argument for and Against Business Assumption of Social Responsibility
Corporate Social responsibility of business is a controversial area see (Onwuchekwa 2002, P. 149). There are several arguments for and against business performing socially responsible activities. The best-known argument supporting such activities by business is that because business is a subset of and exerts a significant impact on society it has the responsibility to help improve society. One of the better known argument against such activities is advanced by the distinguished economist Milton Friedman (1989). Friedman argues that making business managers simultaneously responsible to business areas for reading profit objectives and to society for enhancing societal welfare represents a conflict of interest that has the potential to cause the demise of business. According to him, thus demise will certainly occur if business continually is forced to perform socially responsible behaviour that is in direct conflict with private organizational objectives. No argue that it is unethical to require business managers to pursue socially responsible objectives since it requires managers to spend money that really belongs to other individuals. Regardless of which argument of combination of arguments particular managers might support, they generally should make concerted effort to perform all legally regained socially responsible activities, consider voluntarily performing socially responsible activities beyond those legally required, and inform all relevant individuals of the extent to which their organization will become involved in performing socially responsible activities.

The following are arguments for Corporate Social Responsibility.

1. Long Run interest of business organization: Business Organizations have long run self-interest if they decide to be socially responsible. Such an action can provide diverse business opportunities in the society (Zelthamnl & Bitner 2003).
2. Public image of business organizations: Companies that are socially responsible may have positive public image in their community of location. This may provide good marketing opportunities and other opportunities for survival in the business environment.
3. Viability of business organization: Social responsiveness of a business can reduce threats and opportunities from the society. Reduce societal and environment challenges mean that social responsiveness can guarantee long survival. This is an aspect of viability.
4. Avoidance of government regulation: Organizations that are socially responsible may be given a special government concessions and this can provide an organization more flexibility to operate in the business environment.
5. Impact of social cultural norms: organizations that are responsive to societal needs will be more integrated within a society because of the acceptance of the above institutional structures. They may be reduced conflict within the social structure of such organizations.
6. Protection of stockholders interest: when business organizations meet up their social responsibility obligations they receive better public image. Their produces may be more accepted and government regulations may be less strict for them (Onwuchekwa, 2002).

11.5 Argument Against Corporate Social Responsibility
A number of reasons have been canvassed on why business organizations should not indulge in social responsibility performance. Some of the views are presented below:
1. Profit maximization: The primary goal of any business organization is profit maximization and to make as much money as possible for the owners of the business hence low Corporate Social Responsibility.
2. Cost of Social Involvement: Cost of social involvement in business social responsibility if business starts pursuing social goals, they may have high cost since such will yield significant profit.
3. Lack of Social Skills: Many managers lack social skills, they don’t understand the concept of Corporate Social Responsibility and may not know how to get involved.
4. Lack of Accountability: Organizations are not accountable to the society. Accountability goes with responsibility.

11.6 Potential Business Benefits
The scale and nature of the benefits of Corporate Social Responsibility for an organization can vary depending on the nature of the enterprise, and are difficult to quantify, though there is a large body of literature exhorting business to adopt measures beyond financial ones (e.g. Deming’s Fourteen Points, balanced scorecards). Orlitzky, Schmidt and Rynes found a correlation between social/environment performance and...
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financial performance. However, businesses may not be looking at short-run financial returns when developing their Corporate Social Responsibility strategy.

The definition of Corporate Social Responsibility used within an organization can vary from the strict “stakeholder impacts” definition used by many Corporate Social Responsibility advocates and will often include charitable efforts and volunteering. Corporate Social Responsibility may be based within the human resources, business development or public relations departments of an organization, or may be given a separate unit reporting to the CEO or in some cases directly to the board. Some companies may implement

Corporate Social Responsibility type values without a clearly defined team or programme.

i. Human Resources; A Corporate Social Responsibility programme can be an aid to recruitment and retention, particularly within the competitive graduate student market.

Potential recruits often ask about a firm’s Corporate Social Responsibility policy during an interview, and having a comprehensive policy can give an advantage. Corporate Social Responsibility can also help improve the perception of a company among its staff, particularly when staff can become involved through payroll giving, fundraising activities or community volunteering. See also Corporate Social Entrepreneurship, wherein Corporate Social Responsibility can also be driven by employees’ personal values, in addition to the more obvious economic and governmental drivers.

ii. Brand Differentiation; In crowded marketplaces, companies strive for a unique proposition that can separate them from the competition in the minds of consumers. Corporate Social Responsibility can play a role in building customer loyalty based on distinctive ethical values. Several major brands, such as the Co-operative Group, the Body Shop and American Apparel are built on ethical values. Business service organizations can benefit too from building a reputation for integrity and best practice.

IX. Summary and Conclusion

The present study assessed the impact of corporate social responsibility on the performance of organizations. Proponents of Social Responsibility have different views of what it should and should not be. On school of thought maintains that business should be held responsible for the social threats it engenders in the society by taking in social responsibility. They say that if it were possible for business to operate without social threat to the society, there would be no need for it to accept responsibility towards the society. Since that is impossible, it beholds business to accept commensurate responsibility for its action. The other school of thought says that business should not be socially responsible because it is not a human being. They said that it is human beings that have responsibility. The school maintained that any action that touches on the profit of business should be fought against. Business should accept commensurate responsibility for its action to the host community and should shown commitment to the improvement and development of their hosts.

References