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Corporate Social Responsibility and Organizational Performance in Guinness Nigeria Plc, Benin City

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ABSTRACT

This study examined the effect of corporate social responsibility on organizational performance in Guinness Nigeria Plc, Benin City using survey research method. A sample of 312 respondents was drawn from the 857 employees using accidental sampling technique. Data collected were analyzed using correlation and regression analysis. The results of the study revealed that there is a positive and significant relationship between corporate social responsibility and organizational performance. The results also showed that corporate social responsibility do have a significant effect on organizational performance in Guinness Nigeria Plc, Benin City. Thus, this study recommends among others that the management of Guinness Nigeria Plc should make effort to sustained and improved social responsibility activities such as community projects and environmental protection in order to enhance peaceful and cordial relationship with inhabitants and achieved maximum organizational performance and competitive advantage.

Keywords**:** Corporate Social Responsibility, Organizational Performance, Competitive Advance

1. INTRODUCTION

The concept of corporate social responsibility (CSR) is not new; discuss about it began since 1950s and has since continued to grow in importance and significance. It has been

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subjected to a lot of debate, comment and research. In spite of the seeming endless discussion about it, CSR has seen a lot of development in both academic communities and practitioners all over the world [1]. The corporate scandals and business failures that characterized organizations in the last decade, brought to lime light the dilemma associated with short-term investments as well as accentuating the significance of long-term investment outlook for firms [2]. However, for organizations to thrive in the long run, they need to look beyond profit maximization to stakeholder relations, of which corporate social responsibility-making social, economic and environmental contributions to the society can be one facet. Therefore, as firms grow in size and influence, they must have the ability to reconcile and balance multiple bottom lines and manage the interests of multiple stakeholders rather than being mere contributors to the global economy [3].

According to Nasieku, Togun and Olubunmi [4], corporate social responsibility (CSR) is a commitment to improve the well-being of a community through discretionary business practices and contributions of corporate resources. CSR basically implies the supportive duties of an organization to the community or society it operates from [5]. It is a concept that emphasizes responsive and extended social contribution of businesses to the society. The fundamental idea of corporate social responsibility often referred to as charitable giving and philanthropic contributions is that business and society are intertwined rather than separate [6]. This is based on the fact that successful corporate social responsibility initiatives are posited to improve companies' reputation, increase customers loyalty and strengthened brands which can ultimately boost share price and raise investment [7].

However, Nigeria's stakeholders place more emphasis on economic, legal and ethical responsibilities than on philanthropic components. Therefore, understanding and effective management of stakeholders' as well as their expectations can enhance organizational performance and competitive advantage. In this study, we shed light on the organizational and performance implications of integrating social and environmental issues into an organization's strategy and business model through the adoption of corporate policies.

The specific objectives are to: (i) Examine the relationship between corporate social responsibility and organizational performance in Guinness Nigeria Plc, Benin City. (ii) Evaluate the effect of corporate social responsibility on organizational performance in Guinness Nigeria Plc, Benin City.

2. CONCEPTUAL EXPLICATION

The Concept of Corporate Social Responsibility (CSR) is highly complex and contentious issue among academics and practitioners. There is lack of consensus regarding definition and contents of corporate social responsibility. The concept and terminology of corporate social responsibility also varies as some firms refers to it as corporate social performance, corporate social responsiveness, corporate citizenship, ethnical business practices, stakeholder management and corporate sustainable business practice [1].

Corporate social responsibility is the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life [8]. According to European Union [9], CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. Similarly, the

World Business Council for Sustainable Development (WBCSD) 1999 cited in Abiola [5] defines CSR as the continuing commitment by business to behave ethnically 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. Reasoning along similar line, the European Foundation for Quality Management (EFQM) 2004 cited in Omodero and Ihendinihu [10] defines CSR as a whole range of fundamentals that organizations are expected to acknowledge and to reflect in their actions. It includes among other things respecting human rights; fair treatment of the workforce, customers and suppliers, being good corporate citizens of the communities in which they operate and above all the conservation of the natural environment.

Carroll [11] divided the definition of CSR into four aspects: the economic, ethnical, legal and philanthropic aspects, all illustrated via a pyramid. The economic component of the pyramid which serves as the base deals with the corporation's responsibility to make profit, the ethnical responsibility focuses on how an organization embraces values and norms, the legal component highlights the organization's ability to comply with laws and regulations and the philanthropic responsibility of the organization covers those actions that are expected from a company as a good corporate citizen.

McShane and Glinow [12] sees CSR as a person's or an organization's moral obligation towards others who are affected by his or her actions. It serves as a source of motivation in solving societal problems [13]. In the words of Onwuchekwa, 2000 cited in Osisioma *et al.* [13], an organization is socially responsible when it does not restrict itself within the minimum requirement of law but rather goes beyond it. He therefore view CSR as the acceptance of social obligation by an organization beyond what the law requires. Odetayo, Adeyemi and Sajuyigbe [14]; Olajide [15]; Yaroson and Giwa [16] view CSR as meeting the need of current stakeholders without compromising the ability of future generations to meet their own demand, adopting CSR voluntarily, rather than as legal requirement, because it is seen to be the long-term interests of the organization, and integrating social, environmental and economic policies in day-to-day business. Therefore, CSR is the relationship between a business organization and the society it operates in.

2. 1. Principles of Corporate Social Responsibility

(i) **Accountability**

This is concerned with an organization recognizing that its actions affect the external environment, and therefore assuming responsibility for the effects of its actions. More specifically, the concept implies a reporting of these quantifications of all parties affected by actions of the organization, thereby necessitating the development of apposite measures and reporting of performance to stakeholders [17].

(ii) **Transparency**

This refers to the extent to which an organization's report reveal pertinent facts of the impact of the actions of the organization. That is, an organization's ability to avoid disguising in reporting necessary information needed by stakeholders. Thus, the information provided to the organization's stakeholders from the organization's reporting procedure/instrument should be obvious [17].

(iii) **Sustainability**

This analyzes the impact that actions taken today have on the future. It mostly deals with the scarcity of resources, especially non-renewable resources such as coal, iron or oil, etc. Thus, sustainability in CSR is concerned with the effectual management of resources consumed by the organization to ensure the resources are regenerated at an even faster rate than been used up [17].

2. 2. Organizational Performance

The concept of performance covers both what has been achieved and how it has been achieved. Organizational performance can be measured in a number of different ways. The most obvious way to measure what has been achieve, and the approach used in many studies, is by reference to key performance indicators (KPIs), which are usually to do with financial results, profitability or productivity. Measuring the how is more difficult. It has to rely extensively on qualitative assessments of organizational capability or effectiveness. Organizational capability is defined as the capacity of an organization to function effectively in order to compete and deliver results while organizational effectiveness on the other hand, is view as the capacity of an organization to achieve its goals by making effective use of the resources available to it [18].

According to Richard, 2009 cited in Osisioma *et al.* [13] organizational performance refers to the extent to which a firm is able to accomplish its stated objectives which can be in the area of market share, turnover, innovation, productivity, profitability, customers' satisfaction, etc. Market share refers to the percentage of the total business transaction of a particular industry which a firm has. Turnover is the actual sales value of a firm. Innovation is the modification of an existing product into a new product. Productivity is a measure of how well a firm is performing which also serves as an indicator of the efficiency and competitiveness of a firm in the production and marketing to goods and services.

Profitability refers to the capacity which is one of the indicators of organizational performance has two types of ratio namely, return on sales, and return on investments. Return on sales refers to a firm's ability to transform sales into profits while return on investments measures the overall ability of a firm to generate shareholders' wealth [13]. Customer satisfaction is a collective outcome of perception, evaluation and psychological reactions to the consumption experience with a product/service [19]. Added to the foregoing, is the fact that satisfaction is an attitude or evaluative judgement varying along the hedomic continuum focused on the product/ service, which is evaluated after consumption.

2. 3. Corporate Social Responsibility and Organizational Performance

Corporate social responsibility has become a necessity in this present time due to the goodwill it generates and for the fact that interdependence exist between the corporate firms and the environment where they are operating. The purpose of establishing an enterprise is value creation that involves producing goods and services that will satisfying the demands of the society which maximizes profit for the owner and contribute in solving societal needs [20].

Therefore, business has the responsibility of maximizing the wealth of the owners and other stakeholders such as the employees, the customers, the suppliers, the government and the host community. Corporate social responsibility in the words of Kreitner, 2007 cited in Omodero and Ihendinihu [10], has become a very vital organizational function that has been given serious consideration by corporate organizations due to its importance in linking business to the society and creating cordial relationship with the government. The European Union [9] classified CSR initiatives into two different categories: (i) The Internal Dimension-this include human resources management, health and safety at work, adaptation to change, management of environmental impacts and natural resources. (ii) The External Dimension this including local communities, business partners, suppliers and customers, human rights and global environmental concerns. Therefore, paying attention to the needs and rights of all the stakeholders in a business is a useful way of developing socially responsible behaviour by managers. Corporate social responsibility and organizational performance are implicitly related and mutually complementary and compatible [21] several studies have tried to explain the relationship between corporate social responsibility and organizational performance in terms of profitability and competitive advantage.

Among the list, Osisioma *et al.* [13] investigated the relationship between CSR and performance of selected firms in Nigeria. Their study revealed that there is a positive and significant relationship between CSR cost and corporate profitability and therefore, concluded that social responsible is vital to organizational performance. Also, Odetayo *et al.* [14] examined the impact of CSR on profitability of Nigeria banks. The authors found that there exist a significant relationship between expenditure on CSR and profitability of Nigerian banks. Anyafufu [22] examined the impact of CSR on organizational performance and found that CSR contribute to the public image of an organization and concluded that CSR increase profitability and overall performance an organization.

Similarly, Garay and Font [23] carried out a study on the effect of CSR on company's performance. The study revealed that CSR influence customer perceptions and company performance. In the same Vein, Skare and Golja [24] examined the relationship between corporate social responsibility and financial performance.

They found that corporate responsible firms in the average enjoy better financial performance than non corporate responsible firms. In examining the relationship between CSR and firm's competitive advantage, Filho, Wanderley, Gomez and Farache [25] found that there is an intense association between social responsibility, corporate strategy and competitive advantage. In today's new normal in which competition is at an unpredictable speed like light, organizations' growth, visibility, sustainability and survival on the long-run depends on how socially responsible an organization is to the stakeholders.

2. 4. Theoretical Framework

While there are several theories which might prove appropriate for a discourse of this nature, the stakeholder theory present us with a heuristic tool for interrogating the central issues of the study.

Following Chester Barnard's [26] inducement-contribution framework, the propounder of the stakeholder theory, Freeman [27] argued that it is beneficial for the firm to engage in CSR activities, as this will help positively shape the perception of the firm by its non-financial stakeholders. That is, the stakeholder theory emphasizes that beyond shareholders, there are several agents that are interested in firm's action and decisions. The theory highlights the need for the firms managers to be accountable to stakeholders [15].

The stakeholder theory takes into consideration the need to satisfy those interested parties capable of influencing organizational performance if an organization is to survive in its environment [13].

This theory maintains that there is need for an organization to engage in active social role in the society where it is operating since it depends on the society for sustenance. Therefore, managing and involving the stakeholders in the day-to-day business operation is very essential for the success of any organization. In line with the literature review, the following objectives and hypotheses were formulated for the study:

i. To examine the relationship between CSR and organizational performance in Guinness Nigeria Plc, Benin City.
ii. To assess the effect of CSR on organizational performance in Guinness Nigeria Plc, Benin City.

2. 5. Hypotheses of the Study

H_1: There is no significant relationship between corporate social responsibility (CSR) and organizational performance in Guinness Nigeria Plc, Benin City.

H_2: Corporate social responsibility (CSR) does not have a significant effect on organizational performance in Guinness Nigeria Plc, Benin City.

3. METHODOLOGY

The study adopted the survey research design. The target population comprised of the senior and junior staff of Guinness Nigeria plc, Benin City. A sample size of 312 respondents was drawn from the 857 employees using accidentals sampling technique. Data collected were analyzed using correlation and linear regression analysis.

The research instrument for the study is the structured questionnaire. This was a modified form of the instrument used by Carroll [11].

This was necessary to better address the new respondents in a different environment. Also, out of the 312 copies of the questionnaire distributed, 215 were retrieved, giving us a response rate of 68.9% as shown in the table below.

Table 1. Distribution of Questionnaire and Response Rate

S/N	Staff	Questionnaire Distributed	Questionnaire Retrieved	Percentage (%)
1	Senior	103	86	27.7
2	Junior	209	129	41.3
	Total	**312**	**215**	**68.9**

Source: Field Survey, 2018.

4. DATA ANALYSIS AND INTERPRETATION

Table 2. Correlation Matrix

Variables		CSR	Organizational performance
CSR	Pearson correlation Sig. (2-tailed) N	1 215	.853 .000 215
Organizational Performance	Pearson Correlation Sig. (2-tailed) N	.853 .000 215	1 215

**Correlation significant at 0.01 level (2-tailed)
Source: Field Survey, 2018.

4. 1. Linear Regression Analysis

Table 2 shows the correlation between corporate social responsibility (CSR) and organizational performance in Guinness Nigeria Plc, Benin City. There exists a significant positive high correlation between CSR and organizational performance ($r = .853$, $n = 215$, & $p < 0.01$). This implies that CSR has a strong and positive relationship with organizational performance in Guinness Nigeria plc, Benin City. Therefore, the null hypothesis is rejected.

Table 3. Model Summary[b]

Model	R	R^2	Adj-R^2	Std. Error of the Estimate
1	.621[a]	.388	.367	.216

a. Predictors: (constant), CSR
b. Dependent variable: organizational performance.

Table 4. ANOVA[A]

Model		Sum of square	Df	Mean	F	Sig.
1	Regression	5.527	1	4.672	25.613	.000[b]
	Residual	6.225	213	0.47		
	Total	11.752	214			

a. Dependent variable: Organizational performance
b. Predictors: (constant): Corporate Social responsibility (CSR).
Source: Field Survey, 2018.

The simple linear regression shows (R^2) value of 0.388 which reveals that CSR independently account for 38.8% of the variation in organizational performance in Guinness Nigeria Plc, Benin City. The F. Statistics of 25.613 revealed that the model is statistically significant at 0.05 significant levels. Therefore, the null hypothesis is rejected.

5. DISCUSSION OF FINDINGS

The results of the study showed that corporate social responsibility (CSR) have strong and positive correlation with organizational performance. This is in agreement with the previous studies. Mittal *et al* [21]; Akindele [20]; Olajide [15]; Osisioma *et al.* [13] found that CSR has a positive relationship with organizational performance in terms of profitability and competitive advantage. Also, based on the results of the statistical analysis, the CSR has significantly explained 38.8% of variation in organizational performance. This findings is in agreement with the view of Nasieku *et al.* [4] that stressed the ability of CSR to improve organizational performance.

6. CONCLUSION AND RECOMMENDATIONS

Performing corporate social responsibility (CSR) is necessary for firms that want to be successful in the long-run. CSR activities foster business' profit maximization objective, through its ability to serve as a strategic tool for gaining competitive advantage as measured through loyalty from various parties of the organization's stakeholders such as customers, employees, government and society, resulting from the business' involvement in corporate social responsibility understanding and effective management of stakeholders' as well as their expectations enhance corporate image, performance and competitive advantage. Sequel to the data analysis and the findings of this study, we therefore, conclude that corporate social responsibility (CSR) is necessary for organizational performance. Based on the theoretical and empirical findings of this study, the following recommendations were made:

a) Nigeria tax laws should be amended in order to make expenses on CSR as deductible expenses. This will go a long way to reduce tax liability of corporate organizations and also encourage organizations to provide substantial amount for CSR activities.
b) The management of Guinness Nigeria plc, Benin City should make effort to sustained and improved social responsibility activities such as community projects and environmental protection in order to enhance peaceful and cordial relationship with inhabitants and achieved maximum organizational performance and competitive advantage.
c) The immediate review of legal and institutional framework for CSR in Nigeria should be developed in order to oversee the compliance of CSR policies and prosecute organizations that are socially irresponsible.
d) The management of companies in Nigeria should establish a unit or department within their firms that will be responsible for their social responsibility programmes. This will go a long way to make CSR to be widely promoted and be people oriented.
e) The management of companies in Nigeria should identify and integrate primary stakeholders' interests into organizational strategic planning.

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