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IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON ORGANIZATIONAL EFFECT

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Abstract

The purpose of the study was to examine the impact of corporate social Responsibility on organizational effectiveness in Niger Mills, Calabar- Cross River State, Nigeria. The specific objectives were to; examine the impact of CSR on health on organizational effectiveness, and to determine the impact of CSR on scholarship on organizational effectiveness. Survey design was used and the sample size was 150using Taro Yamane Formula. Data used in this study were obtained from primary sources. The primary data included respondents' responses captured through the use of questionnaire served to employees of Niger mills while secondary sources were obtained from text books, journals and articles from internet and libraries. Chi-Square statistical technique was employed in testing hypotheses. The study revealed that there was a significant impact of CSR on health on organizational effectiveness. Also revealed that there was a significant impact of CSR on scholarship on organizational effectiveness. The study recommended that employees and other stakeholders should be made to understand that meeting their expectations is part of the corporate social responsibilities of Niger mills. Finally recommended that government should endeavor to make it compulsory for firms to embark on some projects at least every year as part of their corporate social responsibility to the society

Keywords: Corporate Social Responsibility, Organizational effectiveness, Health, Scholarship

1. Introduction

Corporate social responsibility (CSR), also known as sustainable responsible business (SRB), or corporate social performance, is a form of corporate self-regulation integrated into a business model. Ideally, corporate social responsibility policy would function as a built-in, self-regulating mechanism whereby business would be monitored and ensure their adherence to law, ethical standards and international norms. Business would embrace responsibility for the impact of their activities on the environment, consumers, employees, communities, stockholders and all other members of the public sphere (Adeyanju,2012). Corporate social responsibility is a known concept in the present-day world. In fact, the corporate giants are very conversant with corporate social responsibility or corporate sustainability in today's parlance.

The responsibility they have towards the society and the community as a whole cannot be denied (Razaq,2013). Corporate social responsibility (CSR) has increasingly become a norm in organizations seeking to influence government behavior and acceptance, in a bid to positively enhance profitability through increase in earnings, patronage and favorable regulatory policies.(Adeloju,2011) Though, other reasons may include the measure of concern

about the society and how to harness the opportunities in the environment which organizations operate. The major reason is associated with the emphasis of good corporate governance. Globally, attention has been drawn to the effects of corporate governance on organizations performance and protection of investors' interests. Thus, the proper utilization of CSR projects will impact positively in making an organization perform effectively (OECD, 2004).

The manufacturing sector in the nation is plagued with an ineffective service delivery to their customers and clients, insensitivity to the environment and inadequate capacity developmental programmes. This has increasingly made the manufacturing sector strife to render acceptable and comfortable procedures to attract patronage, thus enhancing one of the major objectives of its operation. This fulfills the functions that prompted its establishment (Rohan,2014).

The customer relationship can only be developed and strengthened by a well-established CSR programme that will proffer solutions to the customers' challenges and increasing the effectiveness of the operations. In the modern times, corporate social responsibility incorporates and strives to explain and clarify numerous co-related and uncorrelated issues, particularly or especially pertinent to social and environmental interest and welfare, keeping in full view the benefits of the shareholders responsibilities have more or less taken the shape of accountability and obligation. Business ethics has also been brought into the arena of corporate social responsibility. In fact, an ethical business performance acts as a positive catalyst in hastening the process of corporate success via motivating the employees and the underlying system (Burger,2011).

Corporate social responsibility (CSR) is a commitment to improve community well-being through discretionary business practices and contributions of corporate resources (Shimshack,2010). However, it is not charity but it is a core business strategy of an organization. According to Blare (2014), corporate social responsibility focuses on obligations that corporate organizations have voluntarily imposed on themselves to ensure the survival and continuity of the system under which they thrive. Thus, the responsibilities are premised in legal and ethical expectations of business towards its owners and people within and outside the organization.

(Steurer,2010) Legally, the organization owes responsibilities to its owners - the shareholders because they provide the capital; these responsibilities can be satisfied by way of maximization of profit to the shareholders and provision of "true and fair view" of the company's financial transactions within a particular period. Another way to fulfill responsibilities to shareholders is to provide up-to date information concerning the company's present activities and the shareholders' proposals, such disclosure should include all activities that affect the environment socially and otherwise (Ihugba,2012).

Ethically, the organization owes its consumers quality goods and services that commensurate with the monetary value that consumers sacrifice for such goods or services, and also offer accurate and timely information to its consumers. Employees on the other hand are entitled to wages and benefits by virtue of employment, but the organization demonstrates social responsibility, when its pays wages that commensurate with the qualifications of the employees and when it pays the wages as at when due. It is also the social responsibility of the business to implement other employment benefits such as vacations, training to employees and provide opportunity for job satisfaction.

The concept of social responsibility extends to government by way of regular payment of justified taxes, to the public by way of creating jobs, playing important roles in community development. To the environment by ensuring that it does not pollute the environment but replenish the supply of its raw materials. The corporate organization should therefore aspire to do what is right and ignore or avoid what is wrong. In essence, the organization must live as responsible citizens of the society in which it belongs and operates. The specific objectives are to examine the impact of CSR on health on organizational effectiveness, and to determine the impact of CSR on scholarship on organizational effectiveness

Statement of the problem

The poor state of infrastructure contributes immensely to the poor standard of living in a society. It is obvious that people cannot provide themselves with all these facilities or infrastructures. The incessant demand by the organization has become myriad and unattainable that organizations do often accuse them of being insatiable in attitude. Most organizations have in the past attempted to provide certain infrastructures. Poor implementation of corporate social responsibility either through non-governmental organizations or direct implementation as incorporated in the organizations policies. Corporate social responsibility has not improved organizations in any way; therefore, this study intends to investigate the impact of CSR on organizational effectiveness. At this point, corporate social responsibility (CSR) role on the operation of the organization seems to be unproductive.

Literature Review

According to Baker (2004), corporate social responsibility is about how companies manage the business processes to produce an overall positive impact on society. Corporate social responsibility is set of standards to which a firm subscribes in order to make its impact on the society. According to Etuk (1995), business social responsibility covers responsibilities to shareholders, customers, employees, government and the general public. Such responsibilities also extend to proper management and preservation of the resources, protection of environment and other charitable and philanthropic roles the firm ascribes to itself. Davies, Frederick and Blomstron (1975), argues that the overall reason for dabbling into social responsibilities on the long run is in the interest of the shareholders.

The business concern by virtue of social responsibility is expected to supply goods and services that commensurate with the monetary value that the customer sacrifices for such goods and services. The supplying goods and services of high quality, the provision of timely information on the goods and services is considered a social conscience. As the firm meets and exceeds the expectations, the firm is also expected to meet and exceed the expectations of the employees. Socially, the firm should pay its employees living wages that can measure up with other firms offer for the same category of job, that is, pay promptly, timely and regularly all employees' entitlements.

It is equally important that the firm creates a climate where all employees grow and attain job satisfaction. To the government, the company owes her the responsibility of paying the right amount as tax, operates under the regulations of the law and be responsive as corporate citizen, together with providing the public with jobs, product and services that do not violate ethical standard because the firm goes beyond its traditional role of profit maximization (Mahoney,2011).

Theoretical Framework

Stakeholder theory is found appropriate to guide this study. This theory was proposed by Freeman (1984). It is a theory of organizational management and business ethics that addresses morals and values in managing an organization. CSR conceives a Social responsible firm as being one that balances a multiplicity of interest as such that it will drive larger profit for its stockholders. It also takes into account, employee, supplier, dealers, local communities and the nation. This is drawn from stakeholders' theory as developed by Freeman (1984) who describes firm as a series of connection of stakeholders that the managers of the firm attempt to manage.

Stakeholder is a term which denotes any identifiable group or individual who can affect or be affected by organizational performance in terms of its products, policies, and work processes. Stakeholder theory is based on the notion that beyond shareholders there are several agents with an interest in the actions and decisions of companies. Stakeholders are groups/individuals who benefit from or are harmed by, and whose rights are violated or respected by corporation actions. Shareholders include creditors, employees, customers, suppliers and the communities at large. Stakeholder's theory asserts that companies have a social responsibility that requires them to consider the interests of all parties affected by their actions. Management should not only consider its shareholder in the decision-making process, but also anyone who is affected by the business decisions. In contrast to the classical view, the stakeholders view, holds that the goal of any company is or should be the flourishing of the company and all its principal stakeholder (Lebo & Ewah,2019).

However, stakeholder theory is relevant to this study because it gives insight that a company owes a social responsibility to wider group of stakeholders and can be affected by the action of a business. It is an important element of corporations in the world today, whether economic, legal, ethical or even philanthropic. Hence, this theory has proven that there are many genuine cases of companies with a conscience who uses CSR as a good means to improve their image and reputation thereby, achieving their set goal.

Empirical Evidences

Bala (2012) investigated corporate social responsibility (CSR) of business organizations in Niger State, Nigeria: An Islamic perspective. This study examined an Islamic perspective of corporate social responsibility (CSR) of business organizations in Niger State, Nigeria. The study was conducted in Minna, Suleja, Kontagora and Bida towns of Niger State, Nigeria. Multi-stage and random sampling techniques were used in selecting 1,600 respondents of the study using staff of business organizations, investors, consumers and some people in the society. Information was gathered using primary and secondary data. Questionnaires were used to elicit information and were validated by experts. The data generated from the survey were subjected to descriptive analyses. The findings revealed that Islamic socio-economic rules and regulations have influence on corporate social responsibility to investors. The study concluded that Islamic socio-economic system has influence on corporate social responsibility in Niger State, Nigeria.

Sharma and Kiran (2012) investigated corporate social responsibility: A passion of large organizations or a commitment to the society. The study has been taken with the broad objective to identify the CSR practices with reference to health, education and environment for large firms of North-West region of India, and, to purpose a framework for the implementation of CSR practices based on these three parameters: CSR Leaders, CSR Adopters and CSR Initiators. The results highlighted that there is a significant difference in the strategies adopted by these three categories. Factor analysis and ANOVA has been used for analyzing the relationship between age in terms of experience and these three parameters. Wolmarans (2012) examined corporate social responsibility: The performance of black economic empowerment (BEE) companies in a developing country after the global financial crisis. The aim of this study is to measure the medium-term financial performance of companies who had previously shown their corporate social responsibility (CSR) by engaging in black economic empowerment (BEE) in a developing country. The results of this study could be important for all developing countries that need to address social inequities. Senthikumarl, Ananth and Arulraj (2011) examined the impact of corporate social responsibility on customer satisfaction in banking service. This study aims to explore the perception of the customer on CSR in banking service. The data were analyzed by modeling it using Structural Equation Modelling (SEM) using AMOS 18 and found that customer satisfaction is the mediating factor for banking service quality and the CSR is the most influential factor for the customer satisfaction.

Organizational Effectiveness

Organizational effectiveness is the concept of how effective an organization is in achieving the outcomes the organization intends to produce. The idea of organizational effectiveness is especially important for non-profit organizations as most people who donate money to non-profit organizations and charities are interested in knowing whether the organization is effective in accomplishing its goals.

According to Richard (2009) organizational effectiveness captures organizational performance plus the myriad of internal performance outcomes, normally associated with more efficient or effective operations and other external measures, that relates to consideration that are broader than those simply associated with economic valuation (either by shareholders, managers, or customers), such as corporate social responsibility. It must be noted that organization's effectiveness is dependent on its communicative competence and ethics. Ethics is a foundation within organizational effectiveness (Naeem,2013).

An organization must exemplify respect, honesty, integrity, and equity to allow communicative competence with the participating members. Along with ethics and communicative competence, members in that particular group can finally achieve their intended goals. Organizational effectiveness as a concept is among the most elusive and controversial in the organizational literature. A major contributor to the controversy appears to be the fact that, organizational effectiveness has come to be regarded by many, as synonymous with goal attainment. The effort by Price (2008) to distill some proposition about organizational effectiveness.

Naumes (2010) notes that most of the organizations generally are seeking to accomplish several different goals at the same time, and the accomplishment of one of these goals often may inhibit the realization of another. For instance, high productivity may well be achieved at the expense of high employee morale or low environmental pollution. Therefore, the goal model of effectiveness raises the possibility that an organization really cannot be effective if it means attainment of all or even most of its goals (Quintin, 2004). In addition, Georgiou (2010) proposes that organizational effectiveness is difficult to define, and even more difficult to operationalize, without reference to organizational goals.

The framework which Georgiou (2010) provides is not really appropriate as a gauge of effectiveness per say, but rather as an index of an organization's propensity to be effective. That is, when an organization satisfies its effectiveness as an exercise grounded in Values. Using organizational values as a starting point, three set of competing value are juxtaposed to form different definitions of effectiveness. An organization that is not profitable cannot even survive, not to think of the level of its effectiveness. There are also other basic requirements for organizational stability, and predictability and overall survival and these include; resource acquisition, efficiency, production or output, rational coordination, renewal and adaptation, conformity and for organization engaging in profit or non-profit making venture (Rohrbaugh, 2000).

Brief profile of Niger Mills Nigeria Limited Niger Mills Company Limited is the first integrated Flour Company in Cross River State. The company was established in 1972 and was commissioned on 11th September, 1974 by Col. U. J. Esuene, the then Governor of South Eastern State comprises Cross River and Akwa Ibom States. Niger Mills Company Limited imports its raw materials wheat from the United State of America. The Company's main products include flour and Semovita. The other product is wheat offal, which is used as criminal feeds when palletized. It went into a temporary closure in 1998 as a result of the ban on the importation of wheat into Nigeria. In 1992, it resumed operation when the ban was lifted.

Niger Mills Company entered into management agreement with Flour Mills of Nigeria Limited for effective operation of the company. Under the terms of agreements. The company recently initiated and commenced a three-phase mill refurbishing programme. When the programme is completed, the company is expected to meet the ever-increasing demand for its main product flour which is the baker's choice. The company, which was converted into a public liability company (Plc) on 3rd July, 1991 is jointly owned by the Cross River State Government and other private shareholders.

2. Methodology

Research design is a detailed plan or method of obtaining data scientifically. It is the conceptual framework for controlling the collection, measurement and analysis of data. To establish a relationship between the impact of corporate social responsibility and organizational effectiveness, the survey design was used. The population of the study is made up of the fulltime employees of Niger mills Limited, Cross River State.

The population of 250 was classified into departments of Administration, Account, Human Resource, Production and Operations, Security, Marketing, Stores and Transport. The employees used in this study were mix of senior and junior staff. The researcher felt the mixture of employees will give a wider view both on managerial and community based since it is assumed that majority of the junior staff comes from the host community. Data used in this study were obtained from Primary and secondary sources.

The primary data included respondents' responses captured through the use of questionnaire served to employees of Niger mills. While secondary sources were obtained from text books, journals and articles from internet and libraries. The research questionnaire was designed with closed ended questions to elicit respondents' view on corporate responsibility and how it affects performance of organization. A veritable respondent scale was used consisting of Strongly Agree, Agree, Undecided, Strongly Disagree and Disagree. Chi-Square statistical technique was employed in testing hypotheses. The respondents' data were coded using the scale of Strongly Agree, Agree, Undecided, Strongly Disagree and Disagree. The Chi-square test statistics is given by the formula:

Chi-square (x^2) = $\sum \frac{(0-e)^2}{e}$

Where;

o = observed frequencies

e = expected frequencies

$\sum$ = the summation sign

The decision rule is to accept the null hypotheses and reject the alternative hypotheses if the calculated x2 value is less than the critical x2under (C-l) (R-l) degree of freedom and 95% significant level.

Analysis

Hypothesis one

Ho1: There is no significant impact of CSR on health on organizational effectiveness

Table 1: Corporate social Responsibility on health and organizational effectiveness

Items	O	E	(o-e)	(o-e)2	$\frac{(o-e)^2}{e}$
SA	60	30	30	900	30
A	40	30	10	100	3.33
U	30	30	0	0	0
D	15	30	-15	225	7.5
SD	5	30	-25	625	20.83
Total	150	150	0	1850	61.66

Calculated value = 61.66

Degree of freedom = n – 1

= 5 – 1

= 4

Critical value of 0.05 at 4df = 9.49

Interpretation

From the x2 analysis of HO, the calculated value is 61.66 while the critical value is 9.49. The x2 rule states that, the calculated value is greater than the critical value (9.49). Therefore, the null hypothesis is rejected and alternative is accepted. It is concluded that there is a significant impact of CSR on health on organizational effectiveness

Hypothesis two

Ho1: There is no significant impact of CSR on scholarship on organizational effectiveness.

Table 2: Corporate social responsibility on scholarship on organizational effectiveness

Items	o	E	(o-e)	(o-e)2	$\frac{(o-e)^2}{e}$
SA	55	30	25	625	20.83

A	46	30	16	256	8.53
U	29	30	-1	1	0.03
D	12	30	-18	324	10.8
SD	8	30	-22	484	16.13
Total	150	150	0	1690	56.32

Calculated value	=	56.32
Degree of freedom	=	n – 1
	=	5 – 1
	=	4
Critical value of 0.05 at 4df	=	9.49

Interpretation

From the x2 analysis of HO, the calculated value is 56.32 while the critical value is 9.49. The x2 rule states that, the calculated value is greater than the critical value (9.49). Therefore, the null hypothesis is rejected and alternative is accepted. It is concluded that there is a significant impact of CSR on scholarship on organizational effectiveness

Summary of Findings

The results of data presentation have revealed a number of findings. First, it revealed that there is a significant impact of CSR on health on organizational effectiveness. This is significant because it means that the corporate social responsibilities are deliberate and sustainable. Secondly, it revealed that there is a significant impact of CSR on scholarship on organizational effectiveness.

Conclusion/Recommendations

Based on the analyses and findings made, it can be concluded that corporate social responsibility is a modem business strategy with potential to adapt a business to a given environment with increased prospect of profitability. It therefore goes that the performance of corporate social responsibility is in the best interest of the organization and the stakeholders, and that the performance of social responsibility has impacted on the effectiveness of the organizations. Based on the findings, the following recommendations are hereby made:

1. That Employees' and other stakeholders should be made to understand that meeting their expectations are part of the corporate social responsibilities of Niger mills

2. That government should endeavor to make it compulsory for firms to embark on some projects at least every year as part of their corporate social responsibility to the society

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