

African Research Review

An International Multi-Disciplinary Journal, Ethiopia

Vol. 4 (4), Serial No. 17, October, 2010

ISSN 1994-9057 (Print)

ISSN 2070-0083 (Online)

Fulfillment of Social Responsibility as a Business Survival Strategy in Niger Delta, Nigeria (Pp. 205-211)

Oparanma, Austin O. - Department of Management, Rivers state university of Science and Technology, P.O. Box 12, UST, Port Harcourt

E-mail: okachi@yahoo.com

Abstract

This theoretical discourse x-rays the need for the fulfillment of social responsibility as a means of business survival strategy in Niger Delta. Nigerian business organizations especially those operating in the Niger Delta region are having a rough time operating in the environment because of their inability to socially respond to the society welfare services. In Nigeria, too many oil corporations have been taken to court by either the government or concerned citizens for the violation of Environmental Protection Act. This work concludes that there is a significant relationship between the practice of social responsibility and organization performance and recommends that government should enact comprehensive regulations that would commit business organizations and management should develop a system which would be used to rank social problems in order of priority.

Introduction

The pervasive influence of both small and large business organizations in the Nigerian society makes the issues of social responsibility very important to management. However, the privilege given to organizations to operate in the society stems from the fact that society believes that there is mutual interdependence existing between the two. In light of the above proceeding, social responsibility according to Nwachukwu (2006) is the intelligent and objective concern for the welfare of the society which restrains individuals

corporate behaviour from ultimately destructive activities, no matter how immediately profitable and which leads in the direction of positive contributions to human betterment. In Nigeria today, the unrest and the attack on all facts of the establishments inevitably include business and gave added impetus for executives to think through the society role of the enterprise they operate. Also, it is the belief by most Nigerian entrepreneurs that all business owners must learn to work upon its social responsibilities as inseparable from its economic function. If it fails to do so, it leaves a void that will quickly be filled by others usually by the government. Also, if a business fails to recognize this social responsibility, the government must step in to regulate them because what affects the society as a whole, affects the businessmen.

Ihunda, (2001) posited that in a list of the objectives of any business enterprise, the one that often comes on top is to make a profit or profit maximization. He stress that in their pursuit of the profit objective, business enterprises have to be able to assemble the resources from the local environment and have the stable socio-political and investment climate in which to operate successfully. He also argued that the environment has to be cultivated and nurtured to ensure its conformity. Hence, every business has to be involved in its maintenance, to him. This is a subject of social responsibility.

Concept and Meaning of Social Responsibility

The concept of social responsibility is relatively new and the question is: what has been responsible for the upsurge in demands for social responsibility? It is argued that the demand for social responsibility is largely the price of the success of the business system. Furthermore, it arises from the growing disenfranchisement with government and the growing disbelief in the ability of government to solve major social problems. This, social responsibility often arises from two areas:

1. Out of the societal impacts of business organizations.
2. As a result of the problems of society, itself, in effect, what organizations do to society and what they can do for society.

A healthy business cannot exist in a sick society. Management has self-interest in a healthy society, even though the cause of society's sickness is none of Management's making.

Based on the above conceptual background, Ihunda (2001) defined social responsibility as the duty of a business enterprise to ensure that it does not

disrupt the life of the community in which it operates. He went further to stress that, social responsibility is a concern for the welfare of the society, which restrains business from engaging in destructive activities, whatever their immediate profitability and their fears are on positive contributions to the betterment of society. The author contends that the earliest definitions of business social responsibility focused on some key areas. According to the author for example, “the extent to which a manager must compromise his loyalty and responsibility to his organization” It involves maintaining customer satisfaction by reducing consumer complaints. Indeed, it involves cooperating and working hand-in-hand with government by helping to set natural objectives and creating the framework and infrastructures that will help individual components in the economy to promote growth and development Ihunda, (2007).

Ottih (2003), posited that social responsibility of business refers to the societal expectation of business organizations to aid in the solution of societal problems as they (businesses pursue their purposes and objectives). According to the author, this implies that society recognizes businesses as part and parcel of society, therefore expects businesses to partake in social life through contributions to the societal up-lift.

Nickels, McHugh and McHugh (1999) stressed that knowing what is right and wrong and behaving accordingly is what ethical behaviour is all about. Ethical behaviour can influence a firm’s success in business. They stressed that it ranked the most important personal attributes that workers in most business organizations in the United States of America should possess. They, however, see social responsibility as a whole but observe that ethics concerns the moral and legal issues involved in doing business anywhere in the world.

Madura (1998) posited that social responsibilities means a firm’s recognition of how its business decision can affect society. But Nickels, McHugh and McHugh (1999) view it as a business concern for the welfare of society as a whole.

Ivancevich Lorenti and Skinner (1997) view social responsibility as a firm’s practices with other parties such as customers, competitors, the government, employee’s suppliers and creditors. Other definitions imply that before these groups are adequately cared for, the firm must have a production practice and a selling practice as well.

The Importance of Social Involvement

Ihunda (2001) have argued that social responsibility must be seen as a major goal of any enterprise. He went further to stress that, without taking to heart the many problems of society and getting involved in them, a company might finally find itself smothered by these issues. To protect the long-term interest, every business concern is obliged to serve the interests of everyone affected by or connected with the government, shareholder, employees, consumers and other members of the society. By constantly being alert to the dynamic corporate behaviour expectations of society and conducting periodic social audit to ensure adequate company performance, in the long run, a company can contribute immensely to social in essence, this means setting social responsibility objectives and monitoring these objectives through a periodic audit. Companies too might argue that with high rate of taxation on their profits they are constrained by insufficient liquidity to discharge their social responsibility effectively. But the real issue is that the government is hard up for funds. Is the government not taking money from companies through taxation to execute social and community projects that the companies ought to have taken the initiative to help out in doing in the first place?

Discharge of Social Responsibility

Ihunda (2001) Ottih (2003) Nwaeke (2002) have argued that the maxim that the primary function of a business concern is profit maximization only is unjustifiable as it is socially undesirable. They went further to stress that profit maximization and social responsibility while mutually re-enforcing are not necessarily less conflicting perhaps the goals of the enterprise needs to be re-defined in terms of satisfying and sufficiently, rather than maximizing. This according to them entails making reasonable profit while contributing to the well-being of the environment in which they operate. This is the only spectrum within which the concept of social responsibility can be effective and well operational to ensure profit. Profitable corporate long term interests by redefining goals to include those of the communities within which they carry out their business activities. In line with the above, Ihunda (2001) posited that the answer lies in the following ingredients of social responsibility. **Survival:** This is the first social responsibility of any business that every manager should understand, strategically, it means operating efficiently, judiciously allocating the scarce resources of the society and generating profits. **Growth:** This is a major follow up of survival. Corporate growth is the improvement in productivity of men, money, and materials

measured in terms of change in productivity. Growth requires profitable investment. Otth (2003) posited that the emphasis here is its profits, and without it, dividends cannot be paid, taxes cannot be paid, expansion is shifted, goods and services cannot be improved upon through research and development, and in the finale analysis the impact of the business concern on the economy is not felt.

Employee Welfare: One other way by which a company can discharge its social human resources. According to Ihunda (2001), this includes showing concern for and protecting human values, providing safe working environment and creating opportunities for employee advancement and growth. This indeed is the foundation of improving society since a development society depends on the quality operating within.

Corporation with Government: This is one of the many ways of promoting social responsibilities through good corporate citizenship. It involves taking steps to abate environmental pollution provision of accurate statistical data to government for planning and creating affiliate businesses to provide crucial needs to the society such as housing and transportation in urban areas.

Research and Development: This implies that companies are responsible for the discharging of social obligations by eliminating all undesirable social impacts. This is done either by dropping the causative activity or converting it into a profitable opportunity like converting sadist into partied board.

Corporate Contributions: Businesses can contribute to the well being of a society. These contributions include: donations to worthy national cause, charitable organizations, disaster situations and others.

Responsibility for Social Responsibility

The question is who should be more committed to the issue of social responsibilities and who should bear the cost? Indigenous companies or foreign International Corporations have often been raised by scholars of management in terms of their various resources and their contributions to social problems. In view of this, Ihunda (2001) posited that, it is perhaps arguable that since each is operating within the same environment, and on the hand, it is only fair to say that the larger companies, which have a greater measure of the corporate resources and perhaps also create a greater proportion of the industry originated societal problems should pay the higher price.

The author went further to state that multinationals and other foreign based companies also need to express the same awareness to their social responsibilities here in Nigeria as it is done abroad. For example, in the UK and USA, tobacco manufactures ensure that cigarette packets carry a health warning, but the same companies are yet to extend this to their customers in Nigeria. The need for self regulation rather than enforced law cannot be overemphasized. Government regulations like the Nigerian Industrial Acts 1971, and other legislations governing compensations and industry safety, are clear instances of government disasters satisfaction with corporate self regulation in the discharge of their social responsibility. These costs cannot be borne out of profits, no matter what popular rhetoric says. They are paid for either out of current cost, by the customer, or tax payer or they are paid out of capital i.e. by fewer and proper job tomorrow. Furthermore, in the discharge of social responsibility, organizations must not assume tasks for which they lack competence.

Conclusion

No doubt industrial society is tempered by serious human and societal problems caused largely by the rise of large corporations, and managers must conduct the affairs of these corporations in ways that will solve or lesson these problems. It is the lightened self-interest of the business to be socially responsible. Ottih (2003) asserted that, for the future, it will be a long time liability that will be assumed. Society retains the prerogative to sanction any business that does not use its position in the way society wants it used and the privilege and power of the will be withdrawn. Every business must assume a socially responsible role to ward off failure of government intervention and regulations. Finally, economic, mutual, and social concerns are clear indications of the desirable inter-relationship that should exist between the economic goals of the organizations and the social needs of the society at large.

References

- Baridam, D. M. (1995). *Research Method in Administrative Sciences*. University of Port Harcourt Press, Choba, Port Harcourt.
- Dan Steninloff, John F.B. (1993). *Small Business Management Fundamentals: McGraw-Hill Series in Management*.
- Drucker, P.F. (1974) *Management: Tasks, Responsibilities, Practices*. Butter Worth-Heinemann.
- Ihunda, C.C. (2001). *Elements of Management*. Owerri, Nigeria: Springfield Publishers.
- Ihunda, C.C. (2007). *Introduction to Business*. Owerri, Nigeria: Springfield Publishers.
- Ivancevich, J. M., Corenzi, P. Skinner et al (1997). *Management: Quality and Competitiveness Firm*. McGraw-Hill
- Ottih, L.(2003). *Management, Civics*. Owerri, Nigeria: Publishers.
- Madura, J. (1998), *Introduction to Business Growth*, Western Publishing.
- Nickets, McHugh and McHugh (1999). *Essentials of Management*. New Jersey, U.S.A: Upper Saddle River.
- Nwachukwu, C.C. (2006). *The Practice of Entrepreneurship in Nigeria*. Onitsha, Nigeria: African First Publisher Limited,
- Nwaeke, L.I. (2002). *Business Concepts and Perspectives*. Owerri, Nigeria: Springfield Publishers,