

MAKING A CASE FOR CORPORATE SOCIAL RESPONSIBILITY: A REVIEW OF LITERATURE

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Abstract

Making a case for Corporate Social Responsibility (CSR) requires explaining the philosophical and pragmatic rationale underlining its provisioning. It is not surprising that both the corporate world, the society and other critical stakeholders accept the existential reality of CSR. It is an endeavour that benefits all. This paper reviewed and explained factors that underscore the crucial nature of CSR. It principally isolates such factors as shrinking role of government, demands for disclosure, customer interests, investor pressure, competitive labour markets, supplier relations, etc. as the driving logic for CSR. The paper argues that the success of any CSR must be predicated under relevant contextually defined business ethics and societal norms.

Keywords: *Corporate Social Responsibility, Corporate world, Business ethics, Community*

Introduction

Corporate Social Responsibility (CSR) as the name impressively implies is predicated on business organisations' responsiveness and obligation to the plight of the people and community in which they operate. The dynamics of development, explains as drivers and conditions, the enormousness of the tasks of governance and the ever increasing demands and needs of societies point to the desirability of corporations to be responsible to partake in development endeavours. The primary objective of any business organisation is profit and it ought to be maximised at all times. Profit is the soul of any business enterprise. It makes it alive and satisfies the very objective interest of the shareholders. Diverting from this business norm might jeopardise the interest of shareholders and/or cutting down their periodic turnover. There is thus a conflictual dilemma here. On one hand, existential realities of the complexities of development make corporate social responsibility a desirable necessity, while on the other hand, engaging in CSR by the corporate world many dwindle its turnover, which is the ultimate objective of shareholders.

Be it as it may, the aim of this paper is to make a case for CSR by arguing along its rationale as something that is good for businesses. It must not be seen to dwindle profits. It is indeed, in itself, and for itself, a factor for profit maximisation. The little or huge provisioning in CSR is 'investment' in disguise that help business organisations to maximise profits and satisfy the business interest of shareholders and other stakeholders. Thus communities, it is argued here, must demand for CSR as from the corporate world and government must *mediate* to provide balance through effective regulations. To achieve this the paper is structured as follows: following this introduction, Section II provide an overview of the concepts and principles of CSR. Section III discusses factors essentialising the rationale for CSR, which are disaggregated along the

philosophy of limited government, greater disclosure, customer interest, investor pressure, competitive labour market, supply relations, and so on. Section IV discusses business ethics as framework, in addition to government effective regulations; within which Corporate Social Responsibility could be successfully discharge by any business organisation and in any society it operates. Section V provides the concluding remarks, by re-emphasising the regulatory role of government institutional condition for efficiency and effective and even for managing conflict.

The Concept and Principles of Corporate Social Responsibility

The corporate world today is being dominated and overwhelmed by the questions of Corporate Social Responsibility (CSR). On a wide range of issues, business organizations are encouraged to be socially responsible (Welford & Frost, 2006; Engle, 2006). However, in both the corporate and the academic world, there is no consensus regarding how CSR should be defined and conceptualised. Almost every study that examines corporate social responsibility makes reference to the difficulty associated with conceptualising the term. Consequently, it has no universally acceptable definition. It was originally referred to as corporate philanthropy. Corporate social responsibility has evolved to include a broader set of criteria with an increased focus on sustainability. In fact, some go as far as arguing that “we have looked for a definition and basically there isn’t one” (Jackson & Hawker, 2001). What perhaps this means is not lack of definitions, but rather one that could be universally applicable. It shows there are numerous definitions, which according to Van Marrewijk (2003) are often biased towards specific interests and, therefore, cannot be applied in other situations and interests. On a general note, CSR has defied a universally acceptable definition (s). The numerous varied definitions are rather conflictual, controversial and even ideologically sentimental.

It is important for students of management science to appreciate that there are numerous divergent conceptualisations of CSR. These definitions are not meant to trouble them, but to enrich their understanding of CSR in terms of particularly the questions of applications, contextualisation, ideology, and the dynamics of management and social development. Dahlrud (2008), for example, notes that any application of conceptualisation, including that of CSR would expose the logic, bias and even confusion of such social terms with their attendant policy implications. Through this relevant adjustment could be made in accordance with goals and objective realities of societies. Accordingly, Corporate Social Responsibility is defined as a firm’s commitment operating in an economically, socially, and environmentally sustainable manner, while recognizing the interest of its stakeholders, including investors, customers, employees, business partners, local communities, the environment and society at large (CBSR, 2005, cited in Gawel, 2006). The Conference Board of Canada (CBC) (2005) defines corporate social responsibility as the overall relationship between the corporation and all of its stakeholders. Elements of social responsibility include investment in community outreach, employees’ relations, creation and maintenance of employment, environmental stewardship and financial performance. Moreover, corporate social responsibility also refers to ethical, legal philanthropic behaviour in the workplace, market and community. This is perhaps why in advanced industrial societies; CSR is construed within the boundaries of ethics, norms, values and policy frameworks governing such societies. This means that in countries with no CSR policies, such as Nigeria, its operations are often biased towards the interest of those companies and firms providing such services.

Corporate social responsibility comprises three main areas; (i) society; (ii) the environment; and (iii) the economy. Corporate social responsibility is variously called: “corporate citizenship”, “the

ethical corporation”, while others use “good corporate governance” or “corporate responsibility” (Joshi & Sama, 2008). By this CSR promotes a vision of business accountability to a wide range of stakeholders and investors. Key areas of concern are environmental protection and the wellbeing of employees, the community and civil society in general. The concept of CSR is underpinned by the idea that corporations can no longer act as isolated economic entities operating away from the larger society. It is built around the idea that, since corporate organizations operate within the society, they should at least do something good to their society. The Russian Managers’ Association (RMA, 2006) stressed that Corporate Social Responsibility represents the philosophy of conduct and a concept of doing business being applied by business communities, companies and individual businessmen for sustainable development and preservation of resources for future generations. CSR is operating, therefore, based on the following principles: (i) providing quality products and services to consumers; (ii) creating decent jobs, (iii) investing in development of production and human resources; (iv) strict compliance with laws, whether tax, labour, environmental or otherwise; (v) integrity and reciprocity in relationships with all stakeholders; (vi) doing business efficiently to create economic value added and improve national competitiveness for the benefit of shareholders and the society; (vii) integrating public expectations and generally accepted ethics into business practice; (viii) contributing to the evolution of civil society through partnerships and social developmental projects. These principles defined logically the philosophy of CSR, set the logic and define the spectrum of engagement and interactions between and among all its stakeholders.

Rationale and Benefits of CSR

There has been a growing pressure for business organizations around the world to take a leading role in finding solutions to tackle the world’s socio-economic problems especially where the government could not find lasting solutions to them (Business Teacher, 2013); and to play effectively an active role in socio-economic developments such as infrastructural development, health, environmental, education and so on. The CSR phenomenon, which has gained prominence globally, could serve as an avenue for improving the livelihood of the masses, especially in the communities where these organizations operate. CSR could help build local capacity and filling in the gaps where government falls short, (WBCSD 2000). It is thus, reasoned that CSR activities can complement various sectors of the economy to bring about the much-needed positive changes in the national and local economies.

Given the central role of CSR, the Nigerian government has, through its National Economic Empowerment Development Strategy (NEEDS) policy, sets the context by defining the role of private sector in national economy; it thus states that, “the private sector will be expected to become more proactive in creating productive jobs, enhancing productivity, and improving the quality of life. It is also expected to be socially responsible, by investing in the corporate and social development of Nigeria” (Nigerian National Planning Commission, 2004). The corporate world may contend that government’s failure to discharge its responsibilities makes CSR necessary but also conditioned communities to exert pressure on business organisations over CSR. Communities now, arguably see CSR as rights and not a privilege (Yusuf 2012). Through CSR firms are being forced to account for the social and environmental impacts and corporate leaders have come to realize that the ‘business-as-usual’ approach of profit maximization is no longer sufficient in today’s social climate; the use of natural resources, the impact on the environment and the effect of corporate activities on society always come at a cost. This has made CSR increasingly important to companies in today’s business climate. It is becoming a best alternative to stand out from the crowd and form an enduring relationship with customers. It is an avenue in which companies can

realize the value of their brands, build good social and business will, and establish lasting impressions in their customers (Gallego-Alvarez *et al*, 2011; Carroll, 2016; Formisano *et al*, 2018; El Akremi *et al*, 2018).

According to CCC (2002), there is an immense increase in American's expectations of companies' social role. After 9/11, more Americans than ever said they were making investment, purchasing and employment decisions to reward companies that support community needs. This trend seems to have been engineered by scandals in the business community, such as for example, the Enron collapse and the WorldCom financial situation. According to this study, 89% of Americans said it is more important now for companies to be socially responsible. According to a follow-up study conducted by the CCC (2004), a company's negative corporate citizenship practices may have the following consequences: consider switching to another company's products or services (90%), speak out against that company among family and friends (81%), consider selling out investment in that company's stock (80%), refusing to invest in a company's stock (80%), refusing to work at the company (75%), boycotting the company's products or services (73%), and be less loyal to the job at that company (67%). By these, lack of CSR could damage a business organisation's reputation.

According to a study conducted by European Business Network for CSR (EBN) on Consumers Attitudes towards Corporate Social Responsibility, it was found out that 70% of European consumers said that a company's commitment to social responsibility is important when buying a product or service and 44% of the consumers were willing to pay more for environmentally and socially responsible products. The majority of European citizens believe that industry and commerce do not pay enough attention to their responsibilities. Several factors are considered while discussing the drivers pushing businesses towards CSR, which are economic, social, and political factors (EBN 2000). Broadly speaking the major drivers of CSR include, shrinking role of government, demand for greater disclosure, increasing customer interests, growing investor pressure, competitive labour market, supplier relations, etc. These factors are further discussed below.

The Shrinking Role of Government

Historically, governments had relied on policy legislation and regulation to deliver social and environmental objectives in the business sector. Shrinking government resources, coupled with a distrust of regulations have led to the exploration of voluntary and non-regulatory initiatives (BSD, 2007). CSR is indeed equated with government according to Blowfield and Frynas (2005) who observed CSR as 'an alternative to government', which is often advocated as a means of filling gaps in governance. A survey by the World Business Council for Sustainable Development (WBCSD 2000) was conducted in Ghana, which principally asked how CSR should be defined; respondents emphasised 'building local capacity' and 'filling in when government falls short.' Moon (2002) argues that this is part of a broader political shift towards 'new governance' approaches, whereby governments are increasingly seeking to share responsibilities and to develop new modes of operation, whether as a result of overload or of a view that they do not have a monopoly of solutions for society.

According to Lloyd's Register Quality Assurance (LRQA, 2006), there are increasing number of government actions in Asia to guide or legislate CSR activities. In the case of Japanese government, it has demonstrated itself as an advocate for CSR promotion in particular through environment related and climate change specific legislations. With the Environmental Reporting Guidelines and the Law Concerning Promotion of Environmental Consideration in Business Activities, enacted in 2004, Japan has been promoting environmental reporting far earlier than

other governments in the region. Chinese government's response has been to promote CSR locally, through influencing the behaviour of its state-owned enterprises. In 2006, the government published Guidelines for Publishing Corporate responsibility reporting in China. The government was promoting CSR as a means to improving the brand, reputation and competitiveness of Chinese companies and this has been encouraging them to publish reports (Gallego-Alvarez *et al*, 2011; Carroll, 2016; Formisano *et al*, 2018; El Akremi *et al*, 2018).

Similarly, the story is the same with the UK. For example, Moon (2004) reported that, during his inner-city tours for business leaders conducted to encourage their engagement in recognizing and resolving problems, Michael Heseltine (Secretary of State for the Environment) stated to the young conservatives that the very survival of UK institutions for so long without revolution owes much to the sense of responsibility of those who enjoyed the power of capital (Richardson, 1983; cited in Moon, 2004). In an address to the Institute of Directors he stated that, government could not provide all the solutions to revitalising society, and especially the inner cities. He argues that "We [government] do not have the money. We do not have the expertise. We need the private sector again to play a role which, in Britain, it played more conspicuously a century ago than it does now." In the UK CSR plays a great role in addressing social issues.

Specifically, the government was making a conspicuous effort to encourage CSR to address training and work experience opportunity needs of the unemployed. For example, the Manpower Service Commission (MSC) prompted the confederation of British Industry (CBI) to form the special programs unit (CBI SPU) in 1984. The CBI SPU assisted to secure training and work experience opportunities in other individual businesses under the massive Youth Training Scheme. Its lobbied companies, organized conferences and acted as trouble-shooters when problems arose. The government recognized that without the help of corporate world it would not be able to provide training opportunities in this scheme on which 350,000 unemployed young people participated in its first year alone (Moon, 2004). Thus, from the above, it is vividly clear that, business organizations help in addressing fundamental social responsibilities of government. In other words, government inability to shoulder full responsibilities (due to inadequacy of resources or expertise) creates huge vacuum for private sector to partake in governance. This is one strong reason that led to the emergence of CSR in governance world. However, there are differentiated experiences in different countries concerning how and the extent to which contracting nature of the role of government has driven CSR activities. More elaborate studies could be conducted using individual country experiences and on different sectors to disaggregate how the shrinking role of government drive and precipitate CSR and even appreciate its magnitude. However, no matter the degree of involvement of CSR, it can only support and compliment, it cannot by any means replace the role of government (Gallego-Alvarez *et al*, 2011; Carroll, 2016; Formisano *et al*, 2018; El Akremi *et al*, 2018).

Demands for Greater Disclosure

There is a growing demand for corporate disclosure from stakeholders, including customers, suppliers, employees, communities, investors, and activist organizations (BSD, 2007). Disclosure of certain business operations is one of the factors that led to the emergence of CSR. Large corporations have found themselves under attacks over allegations of unethical conduct across the world. Notably among them is, Greenpeace China that released a report entitled "Silent Giants: An Investigation into Corporate Environmental Information Disclosure in China," which found that 28 top multinationals and Chinese corporations violated a Chinese environmental regulation that requires companies to publish their pollution information within 30 days of being reported by a local environmental bureau for breaking pollution standards. The report pointed to

corporate disregard for Chinese environmental laws and weak enforcement by the government (LRQA, 2006).

Issues as diverse as workplace discriminations, health tests, sackings, water exploitation and environmental degradation, air pollution are recognized to be critical in the business organizations today. Perhaps, that is why business organizations are being forced to disclose their undertakings and forced to identify ways to address the menace. Accordingly, this is not always the case. Increasing demand for disclosure by the citizenry as the basis for CSR may not always lead to CSR activities by private businesses. Responsiveness of business organisations to demand for disclosure is relative. It always depends on the nature of governance structures of countries. In many countries, responsiveness may be done within the framework of legal pressure. Thus, countries with no such legal framework for the operations of CSR, the response to demand for greater disclose *vis-à-vis* CSR would be poor and inconsistent. Nigeria provides a good example here (Srroca et al, 2010; Krajnakova et al, 2018; Tran and Nguyen, 2020).

Increased Customer Interest

There is evidence that the ethical conduct of companies exerts a growing influence on the purchasing decisions of customers. In a recent survey by Environics International, more than one in five consumers reported having either rewarded or punished companies based on their perceived social performance (BSD, 2007). According to Russian Managers' Association, (RMA 2006), consumers are to be offered only quality products and services and that organizations should be responsive to the society's expectations when developing new products/services or improving the existing ones. Also, business organizations should find it indispensably important to comply with consumer protection laws.

However, it is observed that, having a genuine interest in CSR beyond what it adds to the profits of the corporation can enhance and foster relations with stakeholders both within and outside the corporation. In so doing, corporations stand a greater chance of furthering their long-run objective of profit making (Asmah, 2009). Thus, several companies today are making a considerable amount of efforts to contribute to CSR or appear socially responsible in the eyes of their stakeholders; particularly the consumers. Little wonder, therefore, consumers are increasingly exercising their green buying power by exerting pressure on companies to invest in 'environmentally friendly products' (Katsoulakos & Katsoulakos, 2006). Customers are regarded as the most essential stakeholders for any business. Taking care of consumers' interest is paramount to business organizations and a condition for profit maximization. Businesses are for profit and anything to boost such profits is always embrace by corporations. Through this and appreciating the capacity of satisfying customers' interest as driving force for profits make organisations to adhere to customers' demands through the instrumentality of CSR (Srroca et al, 2010; Krajnakova et al, 2018; Tran and Nguyen, 2020).

In this regard, government must enact laws to safeguard their interests from greedy and unethical corporations. These laws must be tough and strict and more importantly provide tough sanctions for violations and prosecution to ensure compliance. Since consumers must be protected, however, this must be built into the social responsibility role of business organizations. In Nigeria, organizations like NAFDAC, Standard Organization of Nigeria (SON), and Consumers' Protection Council (CPC), Corporate Affairs Commission (CAC) to mention few, are established to handle matters affecting the rights and interests of consumers.

Growing Investor Pressure

Investors are changing the way they assess companies' performance, and are making decisions based on criteria that include ethical concerns. The Social Investment Forum reports that in the US in 1999, there was more than \$2 trillion worth of assets invested in portfolios that used screens linked to the environment and social responsibility. A survey by Environics International revealed that more than a quarter of share-owning Americans took into account ethical considerations when buying and selling stocks (BSD, 2007). It is interesting to note that, investors are more attracted to companies that practice CSR. A Global Investors Opinion Survey 2002 conducted by McKinsey & Company, focusing mostly on developed countries, confirms that institutional investors were prepared to pay a premium of more than 20% for shares of companies that demonstrate good corporate governance. Another study found that companies that practice CSR recorded four times the sales growth and eight times the employment growth as companies focused only on shareholders (Cedillo-Torres, Garcia-French, Hordijk, Nguyen, & Olup, 2012). It is, however, observed by RMA (2006) that shareholders and investors are keen on their business to be sustainable and its non-financial risks managed and mitigated. They thus, advocated shareholders and investors to be treated under the principles of straightforward and constructive dialogue in line with corporate governance requirements, which guide business conduct, with companies ensuring proper information openness and transparency (Srroca et al, 2010; Krajnakova et al, 2018; Tran and Nguyen, 2020).

Good governance is at the heart of the business case for CSR. The emphasis is often on good governance structures and good risk management creating trust and delivering access to capital. For example, in 2008 consumer trust in a major brand was betrayed when Chinese milk producer Sanlu sold contaminated milk products made for children. The Sanlu case is an example of a brand that lost credibility in China, especially in some foreign markets. Scandals over lead paint in toys, fake toothpaste, tainted dog food and others have injured the reputation of many Chinese manufacturers. Many are now looking at CSR as a way to rebuild trust (LRQA, 2006).

According to the World Economic Forum survey of CEOs and leaders in 2004, corporate brand reputation outranks financial performance as the most important indicator of success. Studies have emerged, which indicated that companies practicing CSR do better financially and have a better image than companies that do not. On average, CSR-oriented companies have 18% higher profits (Cedillo-Torres *et al*, 2012). This reason predicated the logic for CSR by many business organizations. Still the point is made very clear that as the profit becomes the motive-force of companies, CSR is seen to be a good instrument of improving reputation and financial performance. Little wonder, that investors are curious to improve profit and reputation through CSR. This is now the trend, especially among modern business organisations.

Competitive Labour Markets

Employees are increasingly looking beyond pay-cheques and benefits, and seeking out employers whose philosophies and operating practices match their own principles. In order to hire and retain skilled employees, companies are being forced to improve working conditions (BSD, 2007). Attracting and retaining employees is rapidly becoming one of (if not) the most important issues faced by the business world today. Hill & Knowlton's Corporate Reputation Watch 2008, for example, showed that nearly half of the students interviewed at Asian Business Schools consider CSR to be an important aspect of a company's reputation (LRQA, 2006). In particular, employee volunteer programs could have positive effects on staff recruitment and retention, all at the mercy of CSR. Similarly, an online survey of 136 employers conducted by Volunteering Australia showed that the majority of respondents with employee volunteering programs reported positive

effects on retention, job satisfaction and productivity. A similar survey by same organization among job seekers indicated a high rate of participation and interest in volunteering programs and showed that for many survey respondents, having a volunteering program available is a factor when choosing between similar job roles, and for some people it was a stronger factor than salary (LRQA, 2006). Providing support for volunteering activities in business organizations is one of the many perspectives to CSR provisioning (Srocca et al, 2010; Krajnakova et al, 2018; Tran and Nguyen, 2020)

It is interesting to note that, companies realised to have a strong CSR commitment often have an increased ability to attract and to retain employees (Turban & Greening 1997), which leads to reduced turnover, recruitment, and training costs. Employees, too often evaluate their companies CSR performance to determine if their personal values conflict with those of the businesses at which they work. There are many known cases in which employees were asked, under pressure of their supervisors, to overlook written or moral laws in order to achieve higher profits. These practices create a culture of fear in the workplace and harm the employees' trust, loyalty, and commitment to the company. Conversely, employees feel more comfortable in working with organizations that are socially responsible and ethically sound; it boosts their morale, which in turn would increase their loyalty to the company and more efforts in their work may increase productivity. Companies that improve working conditions and labour practices are also most likely to experience reduced error rates. In modern economic system, the labour market is too competitive to be stable and any intervention by private organisations is deemed important and desirable. Improving working conditions and other labour incentive CSR is good thing for reputation and image boosting. Still, this would differ from one organisation to another and between countries. Levels of economic development and capacity of business organisation are crucial for labour markets and increasing fruitful incentives for CSR.

Supplier Relations

As stakeholders are becoming increasingly interested in business affairs, many companies are taking steps to ensure that their partners conduct themselves in a socially responsible manner. Some are introducing codes of conduct for their suppliers, to ensure those other companies' policies or practices do not tarnish their reputation (BSD, 2007). Similarly, just like employees, suppliers are also increasingly demanding business organisations to be socially responsible and ethically up to date, so that they would build trust in dealing with them. In other words, suppliers may not look for alternative organizations if they deal with organizations that are highly respected, due to their ability to win the trust of their stakeholders than their competitors. At this juncture, the need for business organizations to involve themselves in CSR activities becomes paramount and necessary (Harari, 2017; Pelozo and Shang, 2011; Child, 2019; Rasche, Gibert and Schedel, 2013).

Several advantages are argued to result when managers and organizations behave in a socially responsible manner. First, workers and society benefit directly because organizations (rather than governments) bear some of the costs of helping workers. Second, when all organizations in a society were socially responsible, the quality of life of the citizenry as a whole would have been higher. Indeed, several management experts have argued that the way organizations behave towards their employees determines many of a society's values and norms and the ethics of its citizens. It has been suggested that if all organizations adopted a caring approach and agree that their responsibility is to promote the interest of their employees, a climate of caring would pervade the wider society (Jones *et al*, 2000). For examples, Japan, Sweden, Germany, Netherlands, and Switzerland are countries where organizations are very socially responsible as a

result of which crime and unemployment rates are relatively low, the literacy rate is relatively high, and socio-cultural values promote harmony between different groups of people. Another benefit for being socially responsible is that it is the right thing to do and that companies that act responsibly towards their stakeholders benefit from increasing business and rise in profits (Jones et al, 2000). It is important to note that CSR promotes a vision of business accountability to a wide range of stakeholders, besides shareholders and investors. Key areas of concern are environmental protection and the wellbeing of employees, the community and civil society in general, at all times (Peloza and Shang, 2011; Rasche, Gibert and Schedel, 2013; Harari, 2017; Child, 2019).

In addition, Corporate Social Responsibility is not just about doing the right thing. It also offers direct business benefits. Building a reputation as a responsible business organization's image. Many consumers prefer to buy from ethical businesses. Companies often favour suppliers who demonstrate responsible policies. These help them to minimize the risk of any damage to their own reputations. Some customers do not just prefer to deal with responsible companies, but insist on them (Business Link, 2009).

Other benefits of Corporate Social Responsibility could include a good reputation which makes it easier to recruit employees; they stay longer, thereby reducing the costs and disruption of recruitment and retraining, and they are better motivated and thus, more productive. Good relationship with local authorities makes doing business easier, as such corporations with very good CSR programs stand to enjoy dealing with their local communities. Thus, activities such as involvement with the local community also offer good opportunities to generate positive press coverage, which in turn leads to winning and retaining consumers and business customers. It makes corporations more competitive and reduces the risk of sudden damage to their reputation and even sales. Investors recognize this and are more willing to finance the business (BSD 2007). In fact, good relations and interactions with local authorities provide fruitful ground for public relations. Business organisations with good public relations records are normally successful. Thus, CSR could improve relations between business organisations and local authority thereby significantly influencing public relations, productivity, patronage and profits (Peloza and Shang, 2011; Rasche, Gibert and Schedel, 2013; Harari, 2017; Child, 2019).

Socially responsible corporate performance can be associated with a series of bottom-line benefits. But in many cases, it is that the time frame of the costs and benefits could be out of alignment, the costs are immediate, and the benefits are not often realized quarterly (Tsoutsoura, 2004). Nevertheless, many benefits can be identified. In specific terms, socially responsible companies have enhanced brand image and reputation. Consumers are often drawn to brands and companies with good reputations in CSR related issues. A company regarded as socially responsible can also benefit from its reputation within the business community by having increased ability to attract capital and trading partners. Reputation is hard to quantify and measure; it is even harder to measure how much it increases a company's value. But since companies have developed methods to measure the benefits of their advertisement campaigns, similar methods could be applied in the case of corporate reputation.

Again, some of the positive outcomes that arise when businesses adopt a policy of social responsibility are broadly categorized under three major headings. These are: (i) company benefits, (ii) benefits to community and general public, (iii) and environmental benefits. For instance, a company may witness an improved financial performance, lower operating cost, enhanced brand image and reputation, increased sales and customer loyalty, greater productivity and quality, more ability to attract and retain employees, access to capital, workforce diversity as

well as product safety. Some of the benefits realized by community and the general public when business organizations adopt a policy of social responsibility include charitable contributions, employee voluntary programs, product safety and quality corporate involvement in community education, employment and homelessness programs (BSD 2007). The environmental positive outcome of CSR is among other things, greater material recyclability, better use of renewable resources, integration of environmental management tools into business plans, including life cycle assessment and costing, environmental management standard (BSD, 2007). CSR is about managing business to achieve both commercial and social benefits. In essence, it is about managing social, community and environmental impacts to improve results reduce risks and enhance reputation. It is also about growing business in a way that has value for everyone connected to it. The general import of this is that a good CSR could produce these three advantages. Unfortunately, it is difficult, especially in developing countries, to have CSR activities with potentialities for achieving the three positive results. This cannot be divorced from: (i) the nature of business organisations, (ii) the laws and framework governing the activities of CSR and (iii) the nature of government in operation (Harari, 2017; Pelozo and Shang, 2011; Child, 2019; Rasche, Gibert and Schedel, 2013).

Business Ethics and CSR

About a couple of decade ago, many companies viewed business ethics only in terms of administrative compliance with legal standards and adherence to internal rules and regulations. Today the situation is different. Attention to business ethics is on the rise across the world and many companies realized that in order to succeed, they must earn the respect and confidence of their customers. Like never before, corporations are being asked, encouraged and prodded to improve their business practices to emphasize legal and ethical behaviour. Companies, professional firms and individuals are being held increasingly accountable for their actions, as demand grows for higher standards for corporate social responsibility. Some well-publicized scandals in the business world have to be appreciated because, directors, officers, auditors and others in a position of power are aware that their accountability is now under increased public attention and scrutiny (Brin and Nehme, 2018; Crane and Matten, 2016; Bhardwaj et al., 2018).

Business ethics could be conceptualised as written and unwritten codes of principles and values that govern decisions and actions within a company. In the business world, an organization's culture sets standards for determining the difference between good and bad decision-making and behaviour. In the most basic terms, it is about knowing the difference between right and wrong and choosing to do what is right (Cavaleiri, 2007). It is a branch of ethics that examines ethical rules and principles within a commercial context, the various moral problems that can arise in business and any special duties that apply to persons who are engaged in commerce. It looks at various business activities and asks, is this ethically right or wrong. Jones, *et al* (2000) construed the term to mean moral principles or benefits about what is right or wrong? These beliefs guide individuals in their dealings with other individuals and groups (stakeholders) and provide a basis for deciding whether behaviour is right and proper (Brin and Nehme, 2018; Crane and Matten, 2016; Bhardwaj et al., 2018).

Ethics help people to determine moral responses to situations in which the best course of actions is unclear. It guides managers in their decisions about what to do in various situations. Ethics also help managers to decide how best to respond to the interest of various organizational stakeholders (Jones et al, 2000). The *problematic* of ethics is central to the discourse of CSR. The idea is that CSR is operated within the context and framework of the ethical guidelines of any business organisations.

Accordingly, business ethics is a form of applied ethics. It aims at inculcating a sense of responsibility within a company's employee population of how to conduct business ethico-socially. Because the term "ethics" could pose problems in an international context, it does not translate well and could be difficult to find a common understanding of the term. Some organizations choose to recast the concept of business ethics through such other terms as integrity, business practices or responsible business conduct (Hurst, 2004). Managers often experience ethical dilemma when confronted with a situation that requires them to choose between two courses of action, especially if each of them is likely to serve the interest of one particular stakeholder group to the detriment of the other. However, to make an appropriate decision, managers must weigh the competing claims or rights of the various stakeholder-groups and as well stay within the dictate of ethical limits. Evidence strongly suggests that employees are more likely to report misconduct when their employer has a formal ethics program in place. Cavaleiri (2007) argues that it is important for an employer to provide ethics training to employees, covering written standards of conduct and the process involved in ensuring that the reporting of employee misconduct is kept completely anonymous (Brin and Nehme, 2018; Crane and Matten, 2016; Bhardwaj et al., 2018).

According to rational codes of ethics, running an enterprise brings enormous benefits for two main reasons: MacLeod and Clarke (2011) stressed that firstly, when managers are ethical, when they manage their staff fairly, when they show integrity by honouring their promises, and when they are open and honest with their staff, an atmosphere of trust develops throughout the organization. The effect of this on employees is very motivating. Unethical management on the other hand has a very discouraging effect on staff performance. Thus, a happy worker is a creative worker, and inspiring management enables staff to enjoy their work. Secondly, when employees see rationality and productiveness as high values in their lives, when they take pride in improving themselves and their work, when they think independently, and when they perform their work honestly, fairly and with integrity, the resultant sense of self-esteem boosts productiveness and creativity. Thus, the combination of principled management, and committed, creative staff, leads to increased innovation, dynamism and rising productivity throughout an enterprise. Ethically responsible business organisations are characterised by: employee personal creativity and commitment, inspiring leadership, honesty and justice/fairness, effective communication and reduced stress (MacLeod & Clarke, 2011), peace workplace environment and trust.

Interestingly, business organizations around the world are designing and implementing business ethics programs to address the legal, ethical, social responsibility, and environmental issues they face. By addressing these issues in a systematic way, business enterprises can improve their own business performance, expand opportunities for growth, and contribute to the development of social capital in their markets. Aldonas *et al* (2004) argues that business organizations could realize specific business benefits, such as, enhanced reputations and good will, reduced risks and costs, protection from their own employees and agents, stronger competitive positions, expanded access to capital, credit, and foreign investment, increased profits sustained long-term growth, international respect for enterprises and emerging markets. Enterprises that excel in these areas create a climate of excellence for their employees, shareholders, and communities, and contribute to the economic wellbeing of their countries (Crane and Matten, 2016; Bhardwaj et al., 2018; Brin and Nehme, 2018).

Conclusion

This study demonstrates the logic for the enormous benefits derivable from the activities of CSR by both business organizations and their social environment of operations and engagements. It is context, that the rationale for CSR must be appreciated and studied. On this basis, there are arguably very few disagreements concerning the enormous benefit that business organizations generate for the CSR they discharge. On the part of the society, the benefits generated are much less controversial. This is the universalizing of CSR, thus, what is *problematique* about CSR is the pattern of its delivery, who delivers it and why? And, on which areas is it delivered, by which organization and to which society? The *problematiques* could be addressed through effective government regulations, which would ensure quality CSR and help to manage conflict arising from CSR provisioning.

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