

Business Advantages of Corporate Social Responsibility Practice: A Critical Review

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Abstract

Corporate social responsibility is the managerial obligation to take actions that protect and improve both the welfare of society as a whole and the interests of the organisation. Thus, the paper is an examination of the business advantages of corporate social responsibility practice. The paper is anchored on two theories; stakeholder's theory, which states that organisations have constituent groups that need to be taken care of and the iron law of corporate social responsibility, which states that organisations that fail to use their power responsibly will lose it in the long run. Previous studies were reviewed and it was discovered that several benefits abound to organisations that practise corporate social responsibility; several advantages were identified; these among others include: enhanced brand and reputation, reduction in operation costs, attracting new customers, balances power with responsibility, discourages government regulation, improves a company's public image, promotes long run profit, improved relations with the investment community and better access to capital, enhanced employee relations, productivity and innovation and stronger relations within communities through stakeholder engagement. The paper therefore concludes that organisations that carry out corporate social responsibility activities have a lot to benefit. Thus, it recommends that organisations should endeavour to pay due attention to corporate social responsibility and this practice should be a continuous one.

Keywords: Business, advantages, benefits and corporate social responsibility

Introduction and Conceptual Clarification

Corporate social responsibility is a business philosophy gaining popularity in the 21st century. Corporate social responsibility policy is aimed at building self regulating mechanism that enables the business to monitor and ensure efficient compliance with the spirit of law, international norms and ethical standards. Corporate social responsibility is the managerial obligation to take action that protects and improves both the welfare of society as a whole and the interests of the organisation. Supervisors are responsible for meeting goals not only within their organisations, but also those for the benefits of society. Many areas exist in which a supervisor can strive to meet an organisational goal and benefit society at the same time. One of such areas would be a supervisor working to meet the organisational goal of producing high-quality products. Producing high-quality products not only helps to increase the marketability of company products, but simultaneously benefits society by providing reliable products. Another example would be a construction supervisor who is attempting to meet the organisational goal of building new houses for the poor under a contract with the city. The supervisor not only is helping to meet company obligations under the contract, but is simultaneously transforming the organisation's community into a more socially satisfying place.

CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. The foregoing implies that corporate social responsibility is about the integration of social, environmental and economic considerations into the decision-making structures and processes of business. It is about using innovation to find creative and value-added solutions to societal and environmental challenges. It is about engaging shareholders and other stakeholders and collaborating with them to more effectively manage potential risks and build credibility and trust in society. Nolan, Norton and Co (2009), cited in Ali, Rehman, Yilmaz, Nazir and Ali (2010) note that corporate social responsibility is an approach whereby a company considers the interests of all stakeholders, both within the organisation and in society and applies those interests while developing its strategy and during execution. Corporate social responsibility offers organisations various opportunities not only to differentiate themselves from competitors, but also, for reducing costs.

Corporate social responsibility is one of the management strategies where companies try to create a positive impact on society, while doing business (Asemah, Edegoh and Anatsui, 2013). Organisations need to cater for the environment where they carry out their operations so as to earn the goodwill of their stakeholders and this in turn enhances the performance of the organisation financially and other areas. Thus, Robins (2008)

avers that the main idea of CSR is that companies should accept that they play in society more than just an economic role. It means an interest to take liability not only for activities and impact in business, but also responsibility for their impact on society and environment. This commitment as noted by Robins (2008) is thereafter perceived as a significant competitive advantage mostly in high developed countries. Sources of the advantage lay on a wide range of socially responsible activities, which can be targeted on three areas, in terms of CSR.

Corporate social responsibility (CSR) can be seen as the "economic, legal, ethical and discretionary expectations that society has of organisations at a given point in time" (Carroll and Buchholtz 2003, p. 36, cited in Asemah, Okpanachi and Olumuji, 2013a). The concept of corporate social responsibility means that organisations have moral, ethical and philanthropic responsibilities in addition to their responsibilities to earn a fair return for investors and comply with the law. Carroll and Buchholtz's four-part definition of CSR makes clear the multi-faceted nature of social responsibility (Asemah, Okpanachi and Olumuji, 2013b). The economic responsibilities cited in the definition refer to society's expectation that organisations will produce goods and services that are needed and desired by customers and sell those goods and services at a reasonable price (Asemah, et al, 2013b). Organisations are expected to be efficient, profitable and to keep shareholder interests in mind. The legal responsibilities relate to the expectation that organisations will comply with the laws set down by society to govern competition in the marketplace (Asemah, et al, 2013a). Organisations have thousands of legal responsibilities governing almost every aspect of their operations, including consumer and product laws, environmental laws and employment laws. The ethical responsibilities concern societal expectations that go beyond the law, such as the expectation that organisations will conduct their affairs in a fair and just way. This means that organisations are expected to do more than just comply with the law, but also make proactive efforts to anticipate and meet the norms of society even if those norms are not formally enacted in law. Finally, the discretionary responsibilities of corporations refer to society's expectation that organisations be good citizens. This may involve such things as philanthropic support of programmes benefiting a community or the nation. It may also involve donating employee expertise and time to worthy causes (Asemah, et al, 2013b).

Corporate social responsibility which is considered an important aspect of business today, started as a significant aspect of competitiveness became relevant, particularly during the period of economic recession, when business environment was degrading. There was pressure for lowering already agreed prices and delay of payments, which deteriorated business and affected the collection of receivables. In determination of financial and non-financial impacts of the crisis, the economy began to show unhealthy phenomena such as the significant loss of trust. According to a survey conducted by the Factum Invenio in 2009 for Czech Donors Forum, two thirds of Czech citizens believed that the economic crisis affects, among other areas, the socially responsible behaviour of corporations (Petrová and Rejzková, 2009, cited in Klara, n.d). Corporations around the world are struggling with a new role, which is to meet the needs of the present generation without compromising the ability of the next generations to meet their own needs. Organisations are being called upon to take responsibility for the ways their operations impact societies and the natural environment. They are also being asked to apply sustainability principles to the ways in which they conduct their business. Sustainability refers to an organisation's activities, typically considered voluntary, that demonstrate the inclusion of social and environmental concerns in business operations and in interactions with stakeholders (Van Marrewijk and Verre, 2003, cited in Alessia, Henderson and Sue, 2009).

It is no longer acceptable for a corporation to experience economic prosperity in isolation from those agents impacted by its actions. A firm must now focus its attention on both increasing its bottom line and being a good corporate citizen. Keeping abreast of global trends and remaining committed to financial obligations to deliver both private and public benefits have forced organisations to reshape their frameworks, rules and business models. To understand and enhance current efforts, the most socially responsible organisations continue to revise their short- and long-term agendas, to stay ahead of rapidly changing challenges. Corporate responsibility is therefore a prominent feature of the business and society literature, addressing topics of business ethics, corporate social performance, global corporate citizenship, and stakeholder management.

Areas of Corporate Social Responsibility

There are several types of corporate social responsibility programmes; they are:

- 1. Employee Health and Wellness:** *Organisations have to be socially responsible to their employees.* The employees are an organisation's greatest assets. Since the longevity of employees is influenced by the lifestyle choices that they make, organisations need to offers tools and incentives that encourage employees to adopt or maintain healthy lifestyles. There is also the need to offer a variety of benefits aimed at protecting employees' physical and emotional health (Asemah, et al, 2013b).
- 2. Environmental Integrity:** Corporate social responsibility also covers commitment to protecting and even improving the environment for the benefit of current and future generations. Environmental protection and

preservation makes sound business sense. It not only enriches the lives of our employees, our clients and their loved ones, it can also reduce our expenses and improve our bottom line. Through actions such as, but not limited to, using energy-efficient properties, reducing our reliance on paper and investing in alternative energy and clean air technology. Environmental responsibility covers precautionary approaches to prevent or minimise adverse impacts support for initiatives, promoting greater environmental responsibility, developing and diffusing environmentally friendly technologies and similar areas (Asemah, et al, 2013b).

3. Ethical Responsibilities: Ethical responsibilities are responsibilities that a company puts on itself because its owners believe it is the right thing to do; not because they have an obligation to do so. Ethical responsibilities could include being environmentally friendly, paying fair wages or refusing to do business with oppressive countries, for example (Smith, n.d). Ethical CSR entails incorporating responsible practices that minimise the societal harms of business operations (Lantos, 2001), cited in Asemah, et al, 2013b). There are many ways for organisations to implement ethical business practices; these include minimising environmental pollution from manufacturing facilities and providing healthcare benefits to employees.

4. Legal Responsibilities: A company's legal responsibilities are the requirements that are placed on it by the law. Next to ensuring that organisation is profitable, ensuring that it obeys all laws is the most important responsibility, according to the theory of corporate social responsibility. Legal responsibilities can range from securities regulations to labour law, environmental law and even criminal law (Smith, n.d, cited in Asemah, et al, 2013b).

5. Philanthropic Responsibilities: Philanthropic responsibilities are responsibilities that go above and beyond what is simply required or what the company believes is right. They involve making an effort to benefit society; for example, by donating services to host communities, engaging in projects to aid the environment or donating money to charitable causes (Smith, n.d). Philanthropic corporate social responsibility involves giving funds, goods or services, sometimes serving as advertising. For example, the local branch of a bank might donate money to fund uniforms for a school sports team or a health care company might donate to the city opera. Philanthropic CSR describes a company's support for a cause or activity that occurs outside of their business operations, but provides benefit to society (Kerlin and Gagnaire, 2009, cited in Asemah, et al, 2013b).

Companies will usually choose a cause or organisation on which to focus their contributions, which can include donation of equipment or technology, employee time (volunteerism), or money (Kerlin and Gagnaire, 2009). Under the umbrella of philanthropic CSR, there are distinguishing elements that drive motivation for a company's involvement and actions; these differences are represented by altruistic (intrinsic) and strategic (extrinsic) motivations (Lantos, 2001; Matten and Moon, 2008; Du, Bhattacharya and Sen, 2010). Altruistic motives are woven into the corporation's character as part of its intrinsic institutional values and environment (Matten and Moon, 2008). An example of intrinsic motives that is frequently cited in the literature is Ben and Jerry's Homemade Ice Cream, which donates a portion of its profits to causes that the founders believe in, like education and gay rights (Lantos, 2001; Hopkins, 2007; Kerlin and Gagnaire, 2009; Du, Bhattacharya and Sen, 2010). Strategic motives, however, are considered more of a business investment, where company contributions are expected to yield a profitable return (Lantos, 2001). Whatever the motives, it is certain that CSR has become an important tool for measuring a company's reputation and public image (Ellen, Webb, and Mohr, 2006).

6. Economic Responsibilities: An organisation's first responsibility is its economic responsibility; that is to say, an organisation needs to be primarily concerned with turning a profit. This is for the simple fact that if a company does not make money, it will not last, employees will lose jobs and the company will not even be able to think about taking care of its social responsibilities. Before a company thinks about being a good corporate citizen, it first needs to make sure that it can be profitable (Smith, n.d). This implies that economic responsibility covers areas like integrity, corporate governance, economic development of the community, transparency, prevention of bribery and corruption, payments to national and local authorities, use of local suppliers, hiring local labour and similar areas (Asemah, et al, 2013b).

Theoretical Underpinning

The paper is anchored on two theories; namely stakeholder's theory and iron law of social responsibility theory. Stakeholder's theory is a theory of organisational management and business ethics that addresses morals and values in managing an organisation. The stakeholder theory of CSR is based on the assumption that organisations, whether private or public, have obligations to several groups that make up the society. These constituents are referred to as stakeholders- individuals and groups that are critical to the existence of the organisation; they influence what the organisation does or they are being influenced by organisational actions (Asemah, et al, 2013a). As an integral part of the normative CSR theories, the stakeholder theory stipulates that management has a moral duty to protect not only the corporation, but also the legitimate interest of all stakeholders. Thus, all stakeholders' interests must be maximised at all times. In this way, when an organisation invests in the society, it is expected to reap this in form of improved reputation and understanding when things

go wrong; and to equally maximise even the profit motive of the owners in the process (Asemah, et al, 2013b). The theory is relevant to the study because it explains the constituent groups that an organisation should be responsible to; thus, organisations that are socially responsible to the constituent groups will win their goodwill and this will in turn impact on the operations of the organisation positively.

The iron law of responsibility says that in the long run, those organisations that do not use power in ways that society considers responsible will tend to lose it. Organisations are tied to the environment based on the iron law of responsibility. Thus, organisations must be socially responsible to the communities where they operate. This theory is also relevant to the study because it lays emphasis on organisations being socially responsible in their operations so that they will be able to win the goodwill of stakeholders.

Previous Studies on CSR Advantages

Corporate social responsibility offers organisations various opportunities not only to differentiate themselves from competitors, but also, for reducing costs (Nolan, Norton and Co 2009, cited in Ali, et al, 2010). This perhaps explains why Klara (n.d) avers that:

In the commercial sector, CSR is considered a part of strategic planning for those companies that strive to be successful, that want to improve their reputation and especially those who want to be competitive. CSR is a competitive advantage for businesses, having as a source the intangible and human resources, and being executed by competences such as communication, management and corporate culture.

The foregoing implies that organisations that carry out corporate social responsibility programmes have certain advantages to benefit from such performances; thus, it is imperative for organisations to always involve itself in one form of corporate social responsibility or the other, especially with the main purpose of winning the goodwill of the stakeholders. Nurn and Tang (2010) in their research titled “obtaining intangible and tangible benefits from corporate social responsibility” found out that corporate social responsibility leads to greater corporate financial performance; the authors further explained that CSR leads to the tangible benefits of attracting better employees, reduced turnover rate, greater efficiency and reduced operating costs. Organisations stand to have two kinds of benefits from practising corporate social responsibility; these include internal and external benefits. Likewise, CSR benefits can also be classified into tangible and intangible categories. Tangible benefits are those that are easily quantifiable in financial and physical terms whereas intangible benefits are harder to quantify and are non-physical in nature (Nurn and Tang (2010). External benefits that have been empirically tested include corporate reputation and reducing business risk. Other external benefits that have been explored conceptually include boosting sales revenue, customer goodwill and increasing rivals costs (Nurn and Tang 2010).

Thus, the external benefits of corporate social responsibility that have been empirically tested as noted by Nurn and Tang (2010) are: corporate reputation (Logsdon and Wood, 2002; Orlitzky, Schmidt and Rynes, 2003) and reducing business risk (Orlitzky and Benjamin, 2001); boosting sales revenue (Auger et al., 2003), customer goodwill (Solomon and Hansen, 1985) and increasing rivals’ costs (McWilliams, Van Fleet and Kenneth, 2002.; Heyes, 2005). Nurn and Tang (2010) also averred that a few internal benefits have been studied empirically, like learning (Logsdon and Wood, 2002; Orlitzky et al., 2003), attracting better employees (Backhaus, Stone and Heiner, 2002; Greening and Turban, 2000; Turban and Cable, 2003; Turban and Greening, 1996) and workplace attitude (Fulmer, Gerhart and Scott, 2003; Ballou, Godwin and Shortridge, 2003). Other internal benefits include that of employee motivation (Branco and Rodrigues, 2006; Orlitzky, 2008), employee morale (Branco and Rodrigues, 2006; Maxfield, 2008); commitment (Branco and Rodrigues, 2006; Orlitzky, 2008; Frank, 1996), trust (Chahal and Sharma, 2006), employee loyalty/retention (Branco and Rodrigues, 2006; Srinivas, 2002), and organisational citizenship behaviors (Davis, 1973; Hodson, 2001; McGuire, Sundgren and Schneeweis, 1988). This implies therefore that corporate social responsibility is advantageous to every business organisation; and these advantages cover the ones the organisation can see and the ones that cannot be seen. Similarly, a study conducted by Dodd and Supa (2011) to find out the relationship between corporate social responsibility performance and consumer’s purchase decision shows that there is a relationship between consumers’ purchase intentions and organisations’ involvement in socially responsible programmes. Fonceca and Jebaseelan (2012, p. 47) avers that:

Nurturing a strong corporate culture which emphasises corporate social responsibility (CSR) values and competencies is required to achieve the synergistic benefits. CSR as a powerful tool enhances the brand image and reputation of the business which leads to improvement in sales and customer loyalty. By adopting the right programmes, it increases the ability to attract and retain employees. Used as a right tool, it offers manifold benefits, both internally and externally. Internally, it cultivates a sense of loyalty and trust amongst the employees. It improves operational efficiency and is often

accompanied by increase in quality and productivity. It serves as a soothing diversion from the routine workplace practices and gives a feeling of satisfaction and a meaning to the lives of the employees. Externally, it aims at establishing positive public relations and earns a special respect amongst its peers. It also provides short term employment opportunities by taking various projects like construction of parks, schools, welfare facilities, etc.

Organisations, generally engage in corporate social responsibility activities to influence and improve stakeholders' perception of their image. Organisation or brand image is important because it ultimately provides the company a competitive advantage for their business (Barone, Norman and Miyazaki, 2007, p. 444). Corporate social responsibility is being monitored more closely now than ever before because consumers are very concerned with responsible business practices (Morsing and Schultz, 2006). Stakeholder groups can have tremendous influence on profitability; so, it is in the best interest of the company's bottom line to meet the expectations of these groups. This explains why Okedare (2007) avers that corporate social responsibility provides the basis for organisations to consider the interests of society by taking responsibility for the impact of the organisation's activities on customers, employees, shareholders, communities and the environment in all aspects of its operations. Corporate social responsibility, as noted by Ogbemi and Akpoveta (2012, p. 89) "is all that public relations is, because having been involved in the community where a company is operating is a natural part of a successful business practice"

Cone (2010) avers that when an industry is viewed as good corporate citizens, it can foster long-term, loyal relationships with consumers, who see themselves as investors in the company or brand with their purchasing power (Du et al., 2010). Consumers may also be willing to pay a premium price for products offered by a company engaged in corporate social responsibility (Austin, Leonard, Reficco and Wei-Skillern, 2006; Du et al., 2010). Corporate social responsibility programmes can also help to establish a positive corporate reputation that makes consumers resilient to negative company news (Du, et al., 2010). Consumers can become promotional mechanisms for a company or brand through positive word-of-mouth communication. The internet has offered a magnified platform for this, as consumers are using social networking sites to communicate their enthusiasm for a company or brand because of its socially responsible practices or projects (Du, et al., 2010). However, this powerful voice can have an adverse effect for a company that is not meeting consumer expectations (Austin, et al., 2006).

Consumers have been known to "punish" companies they believe are behaving socially irresponsibly through product boycotts and encouraging others to do the same (Austin et al., 2006). Companies can also realise benefits of socially responsible business practices internally, among its employees. When employees are aware of the responsible practices and philanthropic activities of their employer, it can generate feelings of pride in the company and lead to increased employee dedication to the company employees (Austin, et al., 2006). Corporate social responsibility can also lead to employees' increased willingness to offer more time and energy to their companies (Maignan and Ferrell, 2004). When employees feel this sense of pride for their company, this follows them outside of the office and they can become a promotional asset to the company, serving as ambassadors for the brand. Shareholders are mainly concerned with the company's financial bottom line. Their interest in corporate social responsibility relates to how it can differentiate the company in the market to increase company profits. A company's corporate social responsibility activities can improve its reputation because it establishes a social value of the company, which can be a distinguishable quality that helps set it apart from competitors (Austin et al., 2006). Thus, shareholders benefit from corporate social responsibility programmes because of their influence on consumer purchasing behaviour and potential to increase employee productivity.

Corporate social responsibility is an application of several classical economics theories. The stakeholder theory states that effective management of stakeholder relationships, the fundamental blocks of corporate social responsibility, may also result in better financial performance (Ioannou and Serafeim, 2010). A number of studies within the resource-based view of the companies argue for the mechanisms through which socially responsible behaviour may lead to competitive advantage (deBakker and Nijhof, 2002; Hockerts, 2003; Branco and Rodrigues, 2006). Corporate social responsibility may function in similar ways as advertising does, by increasing overall demand for products and services and/or by reducing consumer price sensitivity (Sen and Bhattacharya, 2004). Corporate social responsibility branding can draw consumers away from competitors and thereby improving profitability. Corporate social responsibility can also attract socially conscious consumers (Hillman and Keim, 2001). In addition, corporate social responsibility strategies may also lead to better company's performance by protecting and enhancing company reputation (Fombrun, 2005; Freeman, Harrison and Wicks, 2007). Tuppen (2004) says that corporate social responsibility related issues are important drivers of corporate image and reputation, which are major determinants of consumer satisfaction.

Satisfied consumer tends to have intensive purchase behavior and also continue in future in shape of consumer retention (Ali et al., 2010). This is the important key for gaining sustainable sales revenues and

business profits. Uadiale and Fagbemi (2011) examine the impact of corporate social responsibility activities on financial performance measured with Return on Equity (ROE) and Return on Assets (ROA) in Nigerian companies. The results show that corporate social responsibility has a positive and significant relationship with the financial performance measures. Corporate social responsibility is a driving force in strengthening the process skills of individuals in the community, enabling people to work together toward common goals and objectives (Rausch and Patton 2004). Crowther and Aras (2008) insist that the central tenet of social responsibility is the social contract between all the stakeholders to society, which is an essential requirement of civil society. According to Crowther and Aras (2008, p. 13) “social responsibility is not limited to the present members of the society, but should also be expanded to its future members, as well as environment, since it will have implications for members of society, both now and in the future”. Organisations are not operating in vacuum and apparently, their operations will affect their external environment.

Stakeholders provide organisations with a range of resources such as capital, customers, employees, materials and legitimacy (Deegan, 2002). They also provide the “licence to operate” to the organisations in return for the provision of socially acceptable or legitimate, actions. To strengthen this social contract which allows organisation to continue operations, they need to be socially responsible. This can be an underlying reason why we would expect food industries to be involved in corporate social responsibility and reporting it to society. Branco and Rodrigues (2006, p. 112) also discussed briefly how the intangible benefits of CSR result in sustained competitive advantage for firms when they averred that “the contribution that CSR may have to financial performance is nowadays primarily related to qualitative factors, such as employee morale or corporate reputation”.

Understanding the Business Advantages of Corporate Social Responsibility

From the literature, it is evident that organisations that value corporate social responsibility stand the chance of having the following advantages:

1. **Enhanced Brand and Reputation:** Tsoutsoura (2004) notes that many benefits can be identified; firstly, 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 can and should be able to be applied in the case of corporate reputation. Socially responsible companies also have less risk of negative rare events.

Apostles of corporate social responsibility argue that it improves the image of the organisation. When an organisation carries out corporate social activities, it is telling the community members that it is a friend of the community. This improves the impression people have about the corporate existence of the organisation. To offset unfavourable image, many business leaders work hard to convince the public that business creates much good for society (Frederick, 1998, p.37, cited in (Asemah, et al, 2013).

2. **Reduction in Operation Costs:** There are also other cases in which doing what is good and responsible converges with doing the best for the particular business. Some CSR initiatives can dramatically reduce operating costs. For example, reducing packaging material or planning the optimum route for delivery trucks not only reduces the environmental impact of a company’s operation, but it also reduces the cost. The process of adopting the CSR principles motivates executives to reconsider their business practices and to seek more efficient ways of operating.

3. **Attracting New Customers:** Companies perceived to have a strong CSR commitment often have an increased ability to attract and to retain employees (Turban and Greening 1997, cited in Tsoutsoura, 2004), 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.

4. **It balances Power with Responsibility:** Organisations have power and this power should be accompanied with certain social responsibility. Those who have power should use it judiciously. As noted by Fredrick (1998), modern business corporation possesses power and influence and this should be accompanied with responsibility. The foregoing therefore implies that organisations have power; they have great influence and they need to balance it with responsibility. When they do this, they win the goodwill of the community members, but when they fail to do this, they attract the wrath of the community members. Thus, Frederick (1998) avers that the relationship between power and responsibility has produced what has come to be known as “iron law of responsibility”. The iron law of responsibility as noted by Frederick (1998, p.36) says that in the long run, those

who do not use power in ways that society considers responsible will tend to lose it.

5. **It Discourages Government Regulation:** When the government is fully aware that an organisation or all organisations are alive to their responsibilities (social responsibilities), government becomes discouraged to regulate business. Government regulations may affect the business negatively, but when organisations know that they have a social responsibility to the community where they operate, there may be no need for regulation. Frederick (1998, p. 39), cited in Asemah, et al (2013) avers that business by its own socially possible behaviour can discourage new government restrictions; it is accomplishing a public good, as well as, its own private good.

6. **It Promotes Long Run Profit.** When an organisation carries out corporate social activities, it makes more profit. Rao (2012), cited (Asemah, et al (2013) avers that socially responsible businesses tend to have more and secure long run profits. This is the normal result of the better community relations and improved business image that responsible. Asada (2012), cited in Asemah, et al (2013) avers that proponents of social responsibility as social obligation posit that a company engages in socially responsible behaviour when it thinks of profits only within the constraints of law. They believe that because the society supports business by ensuring its continuous existence, the only way business can repay society is to continue to ensure that it is making profits. Thus, Freedman (1990), cited in Asada (2008) avers that there is one and only one social responsibility of business - to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engage in open and free competition without deception or fraud.

7. **Recognises Business Moral Obligations:** Organisations owe it a duty to provide amenities to environments where they operate. Thus, those who argue in favour of corporate social responsibility note that it is the organisation's moral obligation to help society. Frederick (1998, p .38), cited in Asemah, et al (2013) notes that this viewpoint considers a society's moral and ethical rules to have higher priority for corporate managers than other considerations, including business profits and other economic goals.

8. **Improved Relations with the Investment Community and Better Access to Capital:** The investment community has been exploring the links between corporate social responsibility and financial performance of businesses. There is growing evidence that companies that embrace the essential qualities of CSR generally outperform their counterparts that do not use features of CSR. This information is being translated into action within the investment community. An increasing number of mutual funds are now integrating CSR criteria into their selection processes to screen in sounder companies and/or screen out businesses that do not meet certain environmental or social standards. Thus, a CSR approach by a company can improve the stature of the company in the perspective of the investment community, a company's stock market valuation and its capacity to access capital from that community.

9. **Enhanced Employee Relations, Productivity and Innovation:** A key potential benefit from CSR initiatives involves establishing the conditions that can contribute to increasing the commitment and motivation of employees to become more innovative and productive. Companies that employ CSR related perspectives and tools tend to be businesses that provide the pre-conditions for increased loyalty and commitment from employees. These conditions can serve to help to recruit employees, retain employees, motivate employees to develop skills and encourage employees to pursue learning to find innovative ways to not only reduce costs, but to also spot and take advantage of new opportunities for maximising benefits, reduce absenteeism and may also translate into marginally less demands for higher wages.

10 **Stronger Relations within Communities through Stakeholder Engagement:** A key feature of CSR involves the way that a company engages, involves and collaborates with its stakeholders, including shareholders, employees, debtholders, suppliers, customers, communities, non-governmental organisations and governments. To the extent that stakeholder engagement and collaboration involve maintaining an open dialogue, being prepared to form effective partnerships and demonstrating transparency, through measuring, accounting and reporting practices, the relationship between the business and the community in which it operates is likely to be more credible and trustworthy. This is a potentially important benefit for companies because it increases their "licence to operate", enhances their prospects to be supported over the longer term by the community and improves their capacity to be more sustainable. Companies can use stakeholder engagement to internalise society's needs, hopes, circumstances into their corporate views and decision-making. While there are many questions about how far a company's responsibilities extend into communities relative to the roles of governments and individual citizens, there is a strong argument that CSR can effectively improve a company's relations with communities and thereby produce some key features that will improve business prospects for its future

Summary and Conclusion

Organisations that that recognise the fact that they ought to be socially responsible to their stakeholders and go a step further to practising CSR have a lot of benefits; businesses that are only profit driven display no sense of responsibility for the proper development of society, and hence lose out on their brand recall, customers and well

wishers. No employee or shareholder would like to be associated with a business that does not show legal, legitimate and decent ways of making money. That is where CSR or corporate social responsibility comes in. Companies with an active CSR also play a major role in the development of the land by donating to charities and uplifting the lesser fortunate populace. Socially responsible organisations make profit in a way that does not harm the social and environmental fabric of the country where they operate. Human beings are also first on their list of concerns. Generally, socially responsible companies have very high employee satisfaction and motivation levels; CSR lowers the cost to companies in the long run. Organisations that exhibit CSR have a better reputation, which means that there is a positive image of the company in the public's eyes that converts into customer loyalty. More so, companies that have CSR will attract more and more investors, thereby increasing the business access to capital. The paper therefore concludes that organisations that carry out corporate social responsibility activities have a lot to benefit. Thus, the paper recommends that organisations should endeavour to pay due attention to corporate social responsibility and this practice should be a continuous one.

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