



## Corporate Social Responsibility and Organisational Sustainability in the Manufacturing Industry in Rivers State

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**Abstract:** *Corporate Social Responsibility (CSR) is strategic to the sustainability of any organisation because it positively affects the firms' stakeholders. The study investigated the relationship between Corporate Social Responsibility and organisational sustainability of manufacturing firms in Rivers state using the cross-sectional survey design. Ninety six (96) managers and supervisors from the accessible firms formed the target population for the study and data was generated through the administration of structured questionnaire copies. Five hypothetical null statements of no association between the dimensions of corporate social responsibility and organisational sustainability were tested and found to be false given the significance of the correlations. Hence, we conclude that there is a significant link between organisational sustainability and the manifestations of corporate social responsibility.*

**Key words:** *Corporate Social Responsibility, Organisational sustainability.*

### INTRODUCTION

The idea of organisational sustainability has over time become an important rating factor, driver of growth, value creation, social relationship builder, a survival tool, for firms around the globe (Setia & Soni, 2013). It is the ability to continue the organization's activities into the long term future, which might also be described as survivability (McIntosh & Arora, 2001). Sustainability is the essence of the existence of any organization, be it for profit maximization or for social concern. This accord with the assertions of Onwuzuligbo (2014) that organizations are usually established as a going concern, hence, it is expected to continue in perpetuity.

Organisational sustainability has become a popular idea in management and a crucial subject of discourse. According to Epstein and Buhovac (2011) it is the ability of any establishment to better comprehend the role of their host communities, customers, employees, stakeholders and proffer solutions to their respective needs which ensures better cooperation with the organisation. According to O'Riordan in Economist Intelligent Unit (2008) sustainability is captured as the adoption of policies and processes that promotes the financial, environmental, societal, human and other resources on which the organization in question relies on for its long term health. EIU research portends that sustainability benefits the drive for cost reduction and confers greater competitive advantage. Hence, sustainability is perceived to reduce reputational risk and improve the organizations' product image and value.

A substantial number of studies have investigated the impact of several factors on organisational sustainability. Nnabuiife, Onwuka and Gilbert (2015) explored the relationship between employee training and organisational sustainability and recommends that annual budgetary provisions and actual releases be made to ensure effective implementation of training

programme that will translate the firms into a more sustainable organization. Ekanem (2017) examined the relationship between intellectual capital and organisational sustainability in the manufacturing sector and recommends that workers with novel concepts should be encouraged to help secure the economic, social and environmental sustainability of the establishment. However, this study intends to study the relationship between Corporate Social Responsibilities (CSR) and organizational sustainability (OS) in the manufacturing sector of Rivers state

### **STATEMENT OF THE PROBLEM**

In Nigeria, especially the oil rich region of the Niger Delta, there is an increasing issue of companies pushing their waste products and chemicals into the waterways, thus damaging the aquatic life and invariably the source of livelihood of those who live there and as well the future generations of the affected region. According to Adams and Jeanrenaud (2008) unsustainable practices by firms has been clearly linked to harmful proliferation of cancer. Hence, it is said to eat the very system it derives its source of living from. Regardless of the industry, there is a potential release of hazardous chemical any time it is not properly controlled. It is in line with the aforementioned that Oedewald and Reiman (2006) argued that unsafe practices, conditions and accidents are all symptoms of something wrong in the organizational system and that it is the job of management to control the hazards that proceed from their operations. Hence, the thrust of this study is therefore to determine the relationship between Corporate Social Responsibility (CSR) and organizational sustainability (OS) of the manufacturing sector in Rivers state.

### **RESEARCH QUESTIONS**

- i. What is the relationship between the firms' obligation to employees and organizational sustainability?
- ii. What is the relationship between the firms' obligation to customers and markets and organizational sustainability?
- iii. What is the relationship between the firms' obligation to social programs and natural environment and organizational sustainability?
- iv. What is the relationship between the firms' obligation to laws and regulations and organizational sustainability?
- v. What is the relationship between the firms' obligation to society and organizational sustainability?

### **HYPOTHESES**

HO<sub>1</sub>: There is no significant relationship between the firms' obligation to employees and organizational sustainability

HO<sub>2</sub>: There is no significant relationship between the firms' obligation to customers and markets and organizational sustainability

HO<sub>3</sub>: There is no significant relationship between the firms' obligation to social programs and natural environment and organizational sustainability

HO<sub>4</sub>: There is no significant relationship between the firms' obligation to laws and regulations and organizational sustainability

HO<sub>5</sub>: There is no significant relationship between the firms' obligation to society and organizational sustainability

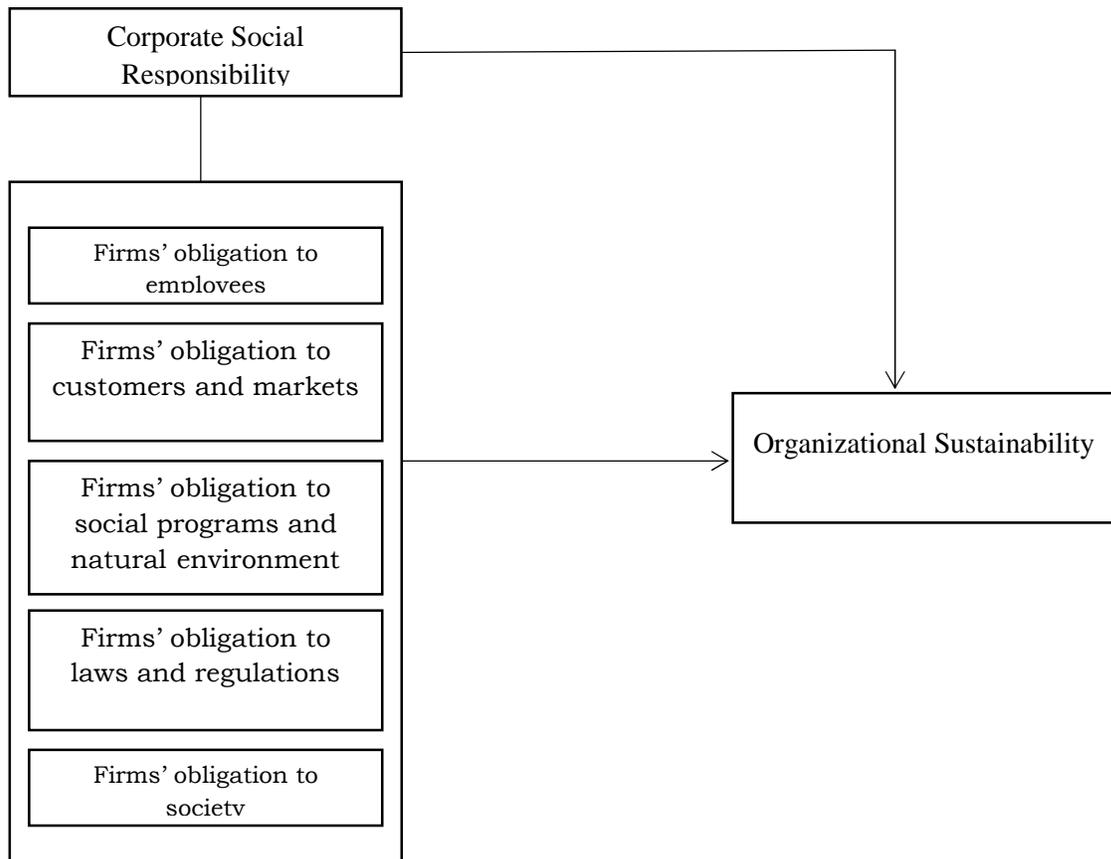


Figure 1: Operational framework of the study.

## LITERATURE REVIEW

### Corporate Social Responsibility (CSR)

It is sacrosanct to know that the idea of CSR has been on for more than half a century; however, there is no generally acceptable description of the term. It is regarded as those organisational practices that are dependent on the ethical values, complying with legal regulations, and respect for people and the environment in which they operate (Dahlsrued, 2006). CSR is also known as Corporate Citizenship, implying that business organizations should be good neighbour within its host community (Freeman et al, 2010). Corporate Social Responsibility is a citizenship function with moral, ethical and social obligations between a corporation and publics (David et al., 2005; Wang, 2007). It is the corporate policies or practices that affect the firms' stakeholders (Smith, 2013). Cardebat and Sirven (2010) posit that it is the internal performance of social

responsibility that leads to the improvement of corporate situation thus increasing the firm's efficiency and profitability.

## **DIMENSIONS OF CSR**

### **Firms Obligation to Employees**

According to Chandra (2005) an organisation has a responsibility that aims at its employees in keeping their desire and interest for the job alive. Favourable practice of social responsibility by the management to the employees will serve as an example to them. Companies that have practicing CSR found out those CSR activities have become effective in increasing employee retention. CSR programs reflect the values of an organization and make the business more humanitarian instead of being viewed as merely profit-generating. Research shows that most employees of the new generation would like to work in an organization that caters for her workers apart from the economic gains. It is in line with the aforementioned that Onuoha (2008) posits that CSR recognizes that each organization as a subsystem is a member of a whole system and the employees are regarded as valuable assets and pillars; effective and efficient management of all other resources depend on the capabilities and willingness of these employees. Firms' obligation to employees ensures that their obligations towards their workers is duly met; fringe benefits and compensation should be granted, healthy work environment, training and development, retirement benefits and other incentives that promotes employee engagement and involvement in decision making should be of paramount importance (Sharma, Shama, & Davi, 2009). All these enhance teamwork among employees through corporate volunteering.

### **Firms' Obligation to Customers and Markets**

CSR affects customer responses, both directly and indirectly (Brown, 1998). Berens, Van and Bruggen (2005) also pointed out the influence of CSR on customers' attitudes towards products. Customer satisfaction which is the overall evaluation of the experience of buying and consuming a product over time will be determined by previous standards and their confirmation, links reputation to the concept of the concept of satisfaction (Anderson, Fornell, & Mazvancheryl, 2004; Yi, 1990; Parasuraman, Zeithaml, & Berry, 1985). CSR implies admitting the consequences of company performance on more groups at stake than just shareholders and that organizational effectiveness goes beyond the classical aim of profit maximization (Servaes & Tamayo, 2013).

### **Firms' Obligation to Social Programs and Natural Environment**

Corporate Social Responsibility (CSR) may include philanthropic efforts such as charitable donations or programs that encourage employee volunteerism by providing paid time off such activities. Many firms seek to have an even greater impact through CSR initiatives that integrate social values into operational and business strategies. For instance, to protect scarce natural resources, a firm may make a commitment to use only recycled materials in its packaging of products (Boundless, 2016). Advocating for a better environment, Porter and Kramer (2006) opines that while immediate needs of its customers are met through the provision of goods and services, its environment should be preserved and that of future generations too. Ungoverned corporate and industrial activity will naturally pollute and degrade the environment, reduce

biodiversity of ecological systems and deplete stocks of natural resources (Olajumoke, 2001). Hence, business performances of firms who are socially responsible adopt very ethical conducts in relation to their relevant stakeholder groups; attempt is made at satisfying their clients' expectations (Kambiz & Amanolla, 2013).

### **Firms' Obligation to Laws and Regulations**

Government regulations help in the facilitation of business corporations to engage in CSR which invariably drives social environmental improvements (Eruh, Adebayo, & Muhammad, 2012). Nigeria via the NEITI Act 2007 took a bold step to introduce compulsory regulation of CSR into corporate governance. This is against the perception by most companies especially those situated within the oil rich Niger Delta that CSR is a philanthropic activity for which they expect congratulations and tax breaks (Ihugba, 2012). A prevalent relationship between the government, its regulatory agencies and business organizations suggest certain obligations, and when fulfilled assures business survival (Onuoha, 2008; McWilliams & Siegel, 2001).

### **Firms' Obligation to Society**

A company's community can be local, national or international (Onuoha, 2008). Corporate Social Responsibility has turned to an increased important activity to businesses, nationally and globally. As globalization accelerates and large firms serve as global players, these corporations are beginning to recognize the impact of providing CSR programs in their respective domains. It is a new way of doing business to attend to the needs of the market and its stakeholders. In other words, Corporate Social Responsibility means that some of the profits of these business organizations should be converted to socially responsible programs for the benefit of the society (Saheli, 2013). Firms' obligation to the society and local community ensures an improved quality of life and changed habits which enhance capacity building, creation of wealth and employment (Priya, 2012). This means that corporations operating in the community ought to involve themselves in social activities that will promote the welfare of the society.

### **Organizational Sustainability**

Organizational Sustainability (OS) is a basic challenge confronting business enterprises in the developing countries like Nigeria. For any economy to thrive for a substantial period, it should be able to meet the 'three bottom line' that is associated with the ability of the manufacturing business organization to attain sustainability in finance, natural environment and human. These firms ought to also positively impact the stakeholders' quality of life (Hami, Mahamad & Ebrahim, 2014). As these business organisations expand their activities, the outcome is the depletion in the natural environment, leading to environmental degradation (Adams & Jeanrenaud, 2008). Thus, sustainable manufacturing requires that the manufacturing organizations have to consider long term economic, environmental, and social impact of their operations and other policies (Setia & Soni, 2013). This is because the standard of living of many people is directly threatened by the very patterns of organizational operations that once created the comfortable lives in the first place (Mohrman & Worley, 2010). Based on the constructs of various authors (Elkington, 1999; Munck, Munck, & Souza, 2011; Satitz & Weber, 2006; Souza, 2010; Cella-de-Oliveira, 2012; Bansi, 2013; Dias, 2013) three pillars of Organizational Sustainability (OS) were developed which provides a satisfactory state of sustainability (Cella-de-Oliveira, 2013). These three sustainability's are called Economic Organizational

Sustainability, Environmental Organizational Sustainability and Social Organizational Sustainability. Economic Organizational Sustainability engenders economic viability (Azapagic, 2003). It promotes topics like competitiveness, employment, entering into new markets, long term profit and so on. Environmental Organizational Sustainability promotes topics as preservation of biodiversity, resource regeneration capacity, re-usage and recycling, constraining non-renewable resources and waste generation. It involves the prevention of the impacts created by the firms on the natural system, which relates living and non-living beings (Munck, Munck, & Souza, 2011). While, Social Organizational Sustainability basically refers to areas as skills, motivation and employee loyalty (Dyllick & Hockerts, 2002). According to Azapagic (2003), SOS is characterized by equal opportunities, fair pay, gratification system, good health and safety conditions, securing ideas for the improvement of the triple bottom line, career plans, competence development and training, and ethical organizational behaviour.

### **METHODOLOGY**

Cross sectional survey design, as well as a quantitative methodology were adopted as the research design for this study while, structured questionnaire copies were used in generating the data. The manufacturing firms and her employees in Rivers state formed the population for this study. Data from the website of the Manufacturing Association of Nigeria (MAN) Rivers/Bayelsa states chapter (<http://phmanufacturersnigeria.org>) shows there are thirty two (32) manufacturing firms in Rivers State. It will be difficult to deal with the entire manufacturing firms in Rivers state, hence, the researcher adopted thirteen (13) of these firms which are located within Obio-Akpor LGA and Port Harcourt City LGA, and are basically into plastic as the target population for the study. The accessible population from the thirteen firms are the ninety six (96) managers and supervisors. Data for the study was generated through the administration of structured questionnaire copies to the target organizations.

### **DATA RESULTS**

The result for the analysis of the data is presented in this section of the study. This is carried out using the bar chart (for the demographic distribution of the study) and contingency tables (for the univariate and bivariate level of data analysis). 96 copies of the questionnaire were distributed to the target organizations of the study, although all 96 copies were successfully retrieved, only 91 copies were considered suitable for inclusion in the research. Presented in table 1 below is the reliability distribution for the study using the Cronbach alpha reliability coefficient (internal reliability).

Table 1: Reliability result for the study

<b>Variables</b>	<b>No. of Items</b>	<b>Cronbach alpha</b>
firms' obligation to employees	3	.811
firms' obligation to customers	3	.794
firms' obligation to social programs	3	.882

firms' obligation to laws and regulations	3	.810
firms' obligation to society	3	.779
Organizational sustainability	3	.807

Source: SPSS Research Data, 2017

### Demographic Results

This section of the study presents the results for the demographic distribution of the study. The characteristics examined in this section include participants' gender, years in business, qualification and category of business. Presented in the figure 1 below is the result for the demographic distribution of the study.

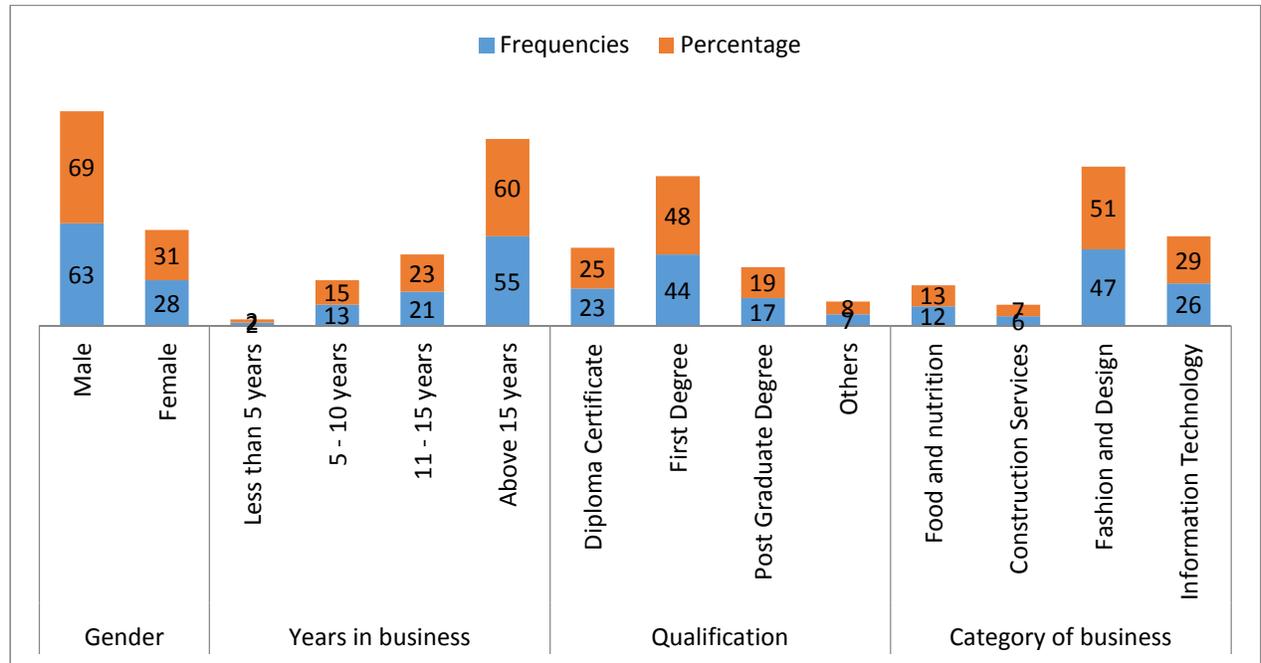


Figure 2: Demographic distribution of the sample of the study

**Gender distribution of the study:** The results for the analysis illustrate a highly manifested male gender group with a more dominant presence compared to the distribution for the female category. This goes to show that majority of the workers within the target manufacturing organizations are male and make up more than 50% of the total population for the study.

**Years in business distribution for the study:** The evidence for the distribution of the respondents based on the operational years of their businesses or organizations indicates that majority of the respondents view their organizations as having been in business for more than 15 years, thus implying a substantial level of operational experience and market presence by these manufacturing organizations.

**Qualification of respondents for the study:** The evidence from the study reveals that for the distribution according to qualifications most of the respondents fall within the first degree qualification category. The evidence indicates that although there is a substantial level of post graduate level of qualification, majority of the staff of these organizations are first degree certificate holders.

**Category of business:** The results for the category of business indicate that majority of the respondents affirm that their organizations fall within the fashion and design category. This suggests that most of the small and medium manufacturing enterprises in the State (Rivers State) are primarily concerned with the fashion and wears and operate within the fashion industry.

**Result for Univariate Analysis**

The result for the univariate analysis for the study is presented in this section of the study. The evidence presented herein indicates the extent to which the workers perceive the variables as being manifested within the context of their organizations. It represents the extent to which the workers, based on the central tendencies view and experience the practice of corporate social responsibility and corporate sustainability in the manufacturing organizations. Table 2 illustrates the co-variance of the dimensions of corporate social responsibility as well as the extent of their manifestations within the target manufacturing organizations.

Table 2: Tests of Between-Subjects Effects

Dependent Variable: CRS

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	54.181 <sup>a</sup>	5	10.836	.	.
Intercept	.000	1	.000	.	.
Employees	.361	1	.361	.	.
Customer	.476	1	.476	.	.
Social	.379	1	.379	.	.
Law	.373	1	.373	.	.
Society	.454	1	.454	.	.
Error	.000	85	.000		
Total	1584.711	91			
Corrected Total	54.181	90			

a. R Squared = 1.000 (Adjusted R Squared = 1.000)

Presented in table 2 above is the result on the co-variance of the dimensions of corporate social responsibility and the extent of the representativeness as factors or dimensions of corporate social responsibility. The results suggest substantial outcomes of co-variance (where  $R^2 > 2.00$  and  $P < 0.05$ ).

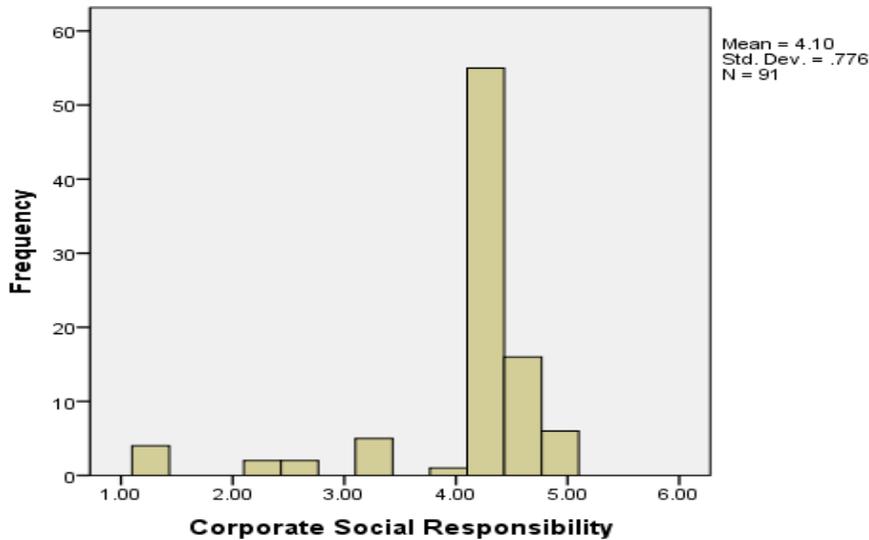


Figure 3: histogram for corporate social responsibility

Figure 3 above describes the result for the summarized distribution of the predictor variable: corporate social responsibility. The result indicates that the variable is significantly manifested based on the observed central tendency (where  $x > 2.5$ ) based on the majority view of the workers.

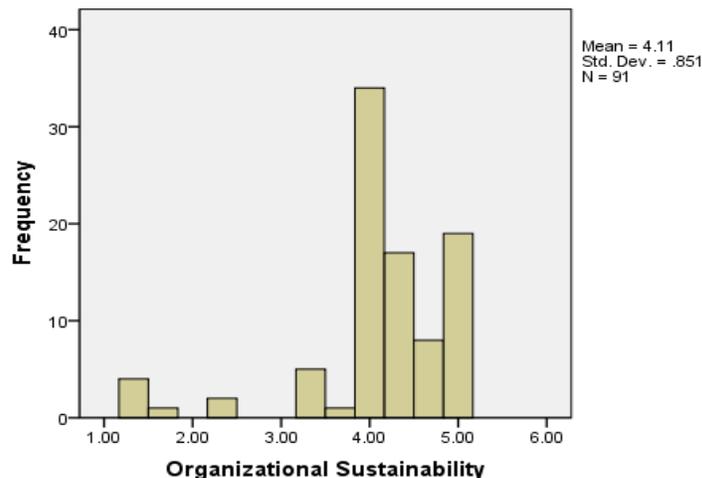


Figure 4: histogram for corporate sustainability

Figure 4 above describes the result for the summarized distribution of the criterion variable: corporate sustainability. The result indicates that the variable is well appreciated by the workers based on the observed central tendency (where  $x > 2.5$ ).

**Result for Bivariate Analysis**

The result for the bivariate level of analysis is presented in this section. A total of 5 null hypotheses were tested in this section using the Spearman’s rank order correlation coefficient. The test is carried out at a 95% confidence interval, hence the 0.05 significance level is adopted as the benchmark for assessing the probability of significance (where  $P < 0.05$ ) or insignificant associations (where  $P > 0.05$ ) between the variables of the study. The result for the analysis is presented in table 4.3.

Table 3: Tests of hypotheses of the study

		1	2	3	4	5	6	
Spearman's rho	Sustainability	Correlation Coefficient	1.000	.575**	.785**	.552**	.604**	.490**
		Sig. (2-tailed)	.	.000	.000	.000	.000	.000
		N	91	91	91	91	91	91
	Employees	Correlation Coefficient	.575**	1.000	.563**	.483**	.617**	.501**
		Sig. (2-tailed)	.000	.	.000	.000	.000	.000
		N	91	91	91	91	91	91
	Customer	Correlation Coefficient	.785**	.563**	1.000	.463**	.484**	.443**
		Sig. (2-tailed)	.000	.000	.	.000	.000	.000
		N	91	91	91	91	91	91
	Social	Correlation Coefficient	.552**	.483**	.463**	1.000	.446**	.551**
		Sig. (2-tailed)	.000	.000	.000	.	.000	.000
		N	91	91	91	91	91	91

Law	Correlation Coefficient	.604**	.617**	.484**	.446**	1.000	.479**
	Sig. (2-tailed)	.000	.000	.000	.000	.	.000
	N	91	91	91	91	91	91
Society	Correlation Coefficient	.490**	.501**	.443**	.551**	.479**	1.000
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.
	N	91	91	91	91	91	91

\*\* . Correlation is significant at the 0.01 level (2-tailed).

**HO<sub>1</sub>: There is no significant relationship between the firms' obligation to employees and organizational sustainability:** The relationship between the variables is revealed to be significant given the evidence of  $\rho = .575$  and a  $P < 0.05$ . The results of the analysis reveal that the firm's obligation to its employees contributes significantly to its sustainability, subsequently, the null hypothesis is rejected.

**HO<sub>2</sub>: There is no significant relationship between the firms' obligation to customers and markets and organizational sustainability:** The relationship between the variables is revealed to be significant given the evidence of  $\rho = .785$  and a  $P < 0.05$ . The results of the analysis reveal that the firm's obligation to its customers and markets contributes significantly to its sustainability, subsequently, the null hypothesis is rejected.

**HO<sub>3</sub>: There is no significant relationship between the firms' obligation to social programs and natural environment and organizational sustainability:** The relationship between the variables is revealed to be significant given the evidence of  $\rho = .552$  and a  $P < 0.05$ . The results of the analysis reveal that the firm's obligation to social programs and natural environment contributes significantly to its sustainability, subsequently, the null hypothesis is rejected.

**HO<sub>4</sub>: There is no significant relationship between the firms' obligation to laws and regulations and organizational sustainability:** The relationship between the variables is revealed to be significant given the evidence of  $\rho = .604$  and a  $P < 0.05$ . The results of the analysis reveal that the firm's obligation to laws and regulations contributes significantly to its sustainability, subsequently, the null hypothesis is rejected.

**HO<sub>5</sub>: There is no significant relationship between the firms' obligation to society and organizational sustainability:** The relationship between the variables is revealed to be significant given the evidence of  $\rho = .490$  and a  $P < 0.05$ . The results of the analysis reveal that

the firm's obligation to society contributes significantly to its sustainability, subsequently, the null hypothesis is rejected.

## DISCUSSION

The relationship between corporate social responsibility and organizational sustainability is one which as evidenced in the study, can be said to be significant. The results of the analysis support the position of previous studies (Cardebat & Sirven, 2010; Servaes & Tamayo, 2013) which identify corporate social responsibilities, expressed through dimensions such as firms' obligation to its employees, customers, the society, the law and also social programs, as having substantial influence over its sustainability. Furthermore, the results suggest a de-emphasis of financial goals and a more emphasis on non-financial organizational goals, thereby placing more consideration on other advantages such as reputation, identity and organizational goodwill. The assertions of studies such as Smith (2103) are validated by the findings of this paper as it provides empirical evidence which substantial link organizational sustainability to the manifestations of corporate social responsibility (Olajumoke, 2001; Kambiz & Amanolla, 2013).

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