A CONCEPTUAL RELATIONSHIP BETWEEN BUSINESS SOCIAL RESPONSIBILITY (BSR) AND FIRMS PERFORMANCES IN NIGERIA.

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ABSTRACT
Business social responsibility (BSR) has been widely examined but a generally a well conceptual framework has not been enough. This paper aims to provide a propose framework that examine the relationship between BSR and firms performances. Based on the extant literature, the paper proposes two constructs which can be used to assess the BSR implementation at firm level. The constructs are firm sizes and firm performance.

Keywords: Business Social Responsibility (BSR), Firm sizes and Firm Performance.

1. INTRODUCTION

Business social responsibilities (BSR) have been widely investigated throughout the last few decades. However, practitioners and researchers are still far from identifying a generally accepted and reliable theoretical framework to explain issues related to the activity of broad range of firms (Russo &Perrini, 2010). The CSR that feature large corporations has already been researched (Bowen, 1953; Carroll, 1979); Clark, 1939; and Kreps, 1940), but the need to shift from theory to practice has focused attention on the BSR of smaller firms (Russo &Perrini, 2010).

In line with the of the above, organisation have both practical and moral obligations to further stakeholder norms and interest through the performance of desired behaviour (Maignan&Ferrel2004;Andera ,Stanaland, May & Murphy,2011). Most of the previous studies have proposed that the long- term survival of an organisation is too improved when it responds to stakeholder interest. Fukukawa, Balmer&Gray (2007) re-affirm the importance of stakeholder perception to firm's pursuit of both CSR and ethical standard.

Recently, there have been a number studies on social responsibility of business in Nigeria, most of which have, mainly, focused on multinational firms and less on indigenous Firm (e.g. Ite, 2004, 2005; David,2012;Opara, 2010; Adegbite& Chizu 2011). If the CRS practices of multinational firms operating in Nigeria reflect the national business systems of their home countries, as Jones (1999] and van Tulder&kolk (2001).Argue, the question therefore arises on how indigenous Nigeria firms perceived and practiced CRC. In other word, is there a Nigeria brand of CRC or is it an imitation of western CRC practice? (Amaeshi,Adi, Ogbechie&Amao,2006).

However, for the past 2 Decades CSR and organisations goals share a broader connection and much research supports a positive correlation between CSR and an organisation financial performance (Lee, 2008; Fang& Huang, 2010).

This paper consists of four parts. The first is introduction to CSR. The second part is review on business social responsibility, firm sizes, and firm performances. The third part introduces the conceptual framework for the study. This framework shows the relationship between firm sizes, and firm performances. and last part is conclusion.

2. Literature Review

2.1 The Concepts of Corporate Social Responsibility

There are many assertions whether business and corporate social responsibility are same, Dimitriades (2006), is on the view that business ethics and social responsibility are often interchangeable. Similarly, those two terms are identical and exchangeable. (Lee 2008; Beneke, 2012).

In line with the above, there is a surfeit of definition in the CSR literature. CSR is also known as corporate citizenship, business social responsibility, corporate philanthropic, community relation, community affairs, community development, and corporate social marketing (Kotler and lee, 2005). Therefore, this study uses Business Social Responsibility (BSR).

A well-developed literature of BSR reviews the concepts and issues at many levels. Research in the past and present continues to define and explain what constitutes BSR and its related activities in organizations. An ongoing effort exists to refine the scope of BSR (Dennis, Ann, Robert& Joanne 2012). Another stream of research considers why companies might implement BSR initiatives. Both internal and external drivers are studied. Another area of research involves how BSR is implemented. The extent of BSR throughout the organization nand the specific social and environmental aspects are discussed. Finally, BSR research exists that considers the practice and implementation of concepts in various industries and countries.

The definition of CSR and the perception of the specific activities it entails continue to evolve over time. A comprehensive review of this literature is beyond the scope of this paper but a brief summary will provide insight to help frame the current study within the CSR construct's as a separate and distinct framework in business literature began in the 1950s with Bowen (1953). The idea of a social role for business evolved over decades in books, textbooks and articles. Environmental aspects of CSR were introduced in a book by Backman(1975). His definition included both social and environmental components. This represented a major step toward the current CSR construct. The idea of CSR from a stakeholder perspective appeared in (Jones, 1980).

The wealth of CSR research defining the concept over several decades does not mean there is a single, globally accepted definition(Clarkson, 1995) considered the issue and suggested a stakeholder perspective to include social and environmental concerns and issues. There are many perspectives on CSR and (Okoye, 2009) suggests that the definition of CSR may remain an essentially contested concept. As a result it is unlikely that CSR can be distilled to one definition. Instead (Okoye, 2009) indicates the exemplar is a core of common reference points that consider various aspects of the relationship of corporations to society over time. Dahlsrud (2008) identified 37 definitions of CSR and this number does not include other definitions in the literature.

Vintilia and Moscalu (2009) provide a review of the literature comparing CSR at SME sand larger firms. Their goal is to examine whether or not there is a link between firm size of EU firms and CSR initiatives. Their study does not conduct a separate empirical analysis but a review of the prior research which indicates

SMEs and large firms likely have different motivations for investment in CSR. Comparisons between SMEs and large corporations are also considered by Russo and Perrini (2010). The authors suggest that SMEs and large corporations may need two different constructs to examine their respective CSR activities. Large firms are more likely to take a stakeholder approach while SMEs follow the principles of social capital.

2.1.1Origins of Corporate Social Responsibility

CSR is a global topic that covers a multitude of concepts and issues encompassed in as many definitions, all depending upon the country-of-origin and the originating organization or author. In the academic literature, CSR is cited as widely recognized topic within academic research, whose acceptance has increased over the last three decades (Buchholtz& Rosenthal, 1999; Frederick, 2006; Kung, 1996).

In line with above, Bowen's (1953) seminal text that CSR becomes the object of significant academic interest. Bowen (1953) defines CSR as ‘‘the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines ofactions which are desirable in terms of the objectives and values of our society’’ (p. 6). Similarly, articlesuse terms of philanthropy and ‘‘prudent management’ ’of ‘‘corporate support payments’’ (Eells,1958). This rationality presents circular thinking in that the information that is available works primarily from within the economic paradigm.

In 1979 was a compendium of the multitude of definitions published in academic literature(Carroll,1979 ; Zenisek, 1979) despite research inthe 1960s and 1970s that brought together previous publications on social responsibility in organizations(Fulmer,1971). This attempt to clarify the definition may have been taken because the CSR literature began to devolve into‘ ‘how to’’ rather than ‘‘what is’’ (Eells and Walton, 1974; Eilbert and Parket, 1973). Academics began to unify the conceptualization of CSR as adapting the behaviours of corporations to the needs of the society in which it was immersed (Sethi, 1975), with some authors seeing CSR as a means through which organizations engaged in correcting the problems the organizations created.

2.2 Firm Size

The Firm size often ascertains the extent of its activities (Carey, Subramaian, &Ching, 2006).Resource – based theory(RBT) suggests that smaller firms seek accounting services to enhance their competitiveness as the firm extends its market (Marriott, Marriott, Collis & Son, 2008). One important characteristic of smaller firms is that they rarely have the resource to allow accounting functions to be carried out in house (Doing & Goode ham, 2005). Therefore, RBT explained that the use of external support and professional services interacts with the size and age of the firm (Bennett & Robson, 2003). What should be the size of a firm for its better functioning has always been a critical issue (e.g., Baker & Cullen 1993,Friedman 1998). The size varies from large manufacturing organizations to modern service oriented small size software companies and boundary less organization (Fulk&Desanctis 1995). That organizational size is taken as one of the important contextual organizational dimensions (Daft, 2003) underlie an organization's structure and work processes. For example, large organization size tends to create an organization that has greater formalization, specialization and centralization (Blau&Schoenher,1971;Blau, 1971).

The management, sociological and psychological literatures have provided the conceptualization of the development and implications of organizational structure (e.g., Pugh,Hickson, Hinings& Turner 1969).Most of the studies using organizational size as a variable, define it as the total number of employees (Kimberly, 1976). Using the number of total employees as the measure of organizational size inherently mixes size with efficiency(Gupta 1980). Most of the evidences suggest that counting the total number of employees is as good as many other measures of size. For instance, one study found the correlation between number of employees and the organization's net assets to be .78 (Pugh, Hickson, Hinings&Turner, 1969).

Most scholars call organizations large when they employ more than fifteen hundred to two thousand employees (Robey, 1986; Daft, 1986). Organizations with fewer than fifteen hundred employees tend to be labelled "small". Size may have different consequences for a factor such as complexity, thus the increase or decrease in the number of occupational specialties will influence the need for programmed change in the organization to perform effectively and efficiently (Hage& Aiken1970). Smaller organizations will have less complexity which will influence organizational effectiveness. Research shows that there is an inverted U shaped relationship between organizational size and organizational effectiveness. If an organization grows in terms of size beyond ascertain point then effectiveness falls(Jones, 2004). However, this finding is contingent on the nature of market conditions. A critical question in the present study is whether small size has gained importance from organizational performance point of view.

2.3 Firm Performance

The concept of firm performance needs to be differentiated from the broader construct of organizational effectiveness. Venkatraman and Ramanujan (1986) give an enlightening figure ofthree overlapping concentric circles with the largest representing organizational effectiveness. This broadest domain of organizational effectiveness includes the medium circle representing business performance, which includes the inner circle representing financial performance. Organizational effectiveness covers other aspects related to the functioning of the organization as absence of internal strain and faults, engagement in legitimate activities, resource acquisition and accomplishment of stated goals (Cameron, 1986a).

Business performance, or firm performance as we refer to it in this paper, is a subset of organizational effectiveness that covers operational and financial outcomes. Although this conceptual proposal of (Venkatraman&Ramanujan, 1986) is widely referred to by strategic management scholars (Carton & Hofer; 2006; Richard, Devinney, Yip, & Johnson, 2009), the analysis of operationalization's of firm performance used in empirical studies shows a wide variety of approaches covering this domain partially and in an unbalanced way. Combs, Crook, and Shook (2005) analyse dall articles published in the *Strategic Management Journal* between 1980 and 2004 and identified 238empirical studies that used 56 different indicators. In most cases, financial performance was used(82%) with accounting measures of profitability being the most common choice (52%). Carton and Hofer (2006) and Richard *et al.* (2009) reported a similar picture, analysing different journals in other time periods.

Therefore, both studies reported a rate of indicator per article of close to one. Another source of confusion is the use of antecedents of performance as performance indicators(Cameron, 1986b). Combs, Crook,& Shook,(2005) argue that the operational performance as described by(Venkatraman&Ramanujan, 1986) is best viewed as an antecedent of financial performance. But in other aspects, like customer satisfaction, the situation is less clear. While customer satisfaction may be an antecedent of financial performance, is it not a performance outcome, in itself as well? This depends on how one defines firm performance.

Defining performance as the satisfaction of stakeholders (Connolly, Conlon, &Deustch, 1980; Hitt, 1988; Zammuto, 1984) helps to differentiate between antecedents and performance outcomes. In this case, customer satisfaction is clearly also an outcome (using the customer – a stakeholder – perspective) and thus part of firm performance. Two other aspects must be considered when attempting to define performance: its time frame and its reference point. It is possible to differentiate between past and future performance; past superior performance does not guarantee that it will remain superior in the future (Carneiro, 2005).

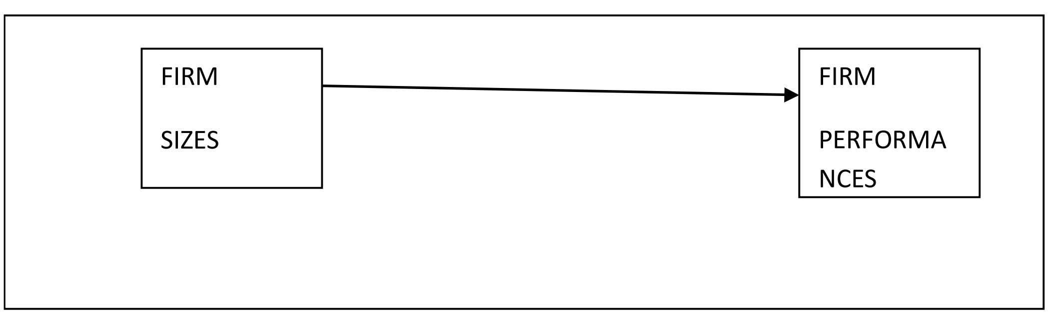
Another issue related to time is the duration of the interval (short, medium or long term) considered. The reference against which performance is being measured, *e.g.* the industry average, the results of main competitors, an established target, or past performance (Carneiro, Silva, Rocha, & Dib, 2007), is also important. Comparisons in relation to targets and past performance indicate the efficiency and evolution of the company. However, they are not suitable for comparing companies from different sizes and industries.

The definition of firm performance and its measurement continues to challenge scholars due to its complexity. In this paper, we attempt to contribute to this effort by creating and testing a subjective issue in performance that covers the domain of business performance in the words of (Venkatraman&Ramanujam, 1986). We will base the study in the stakeholder theory, which allows distinguishing between performance antecedents and outcomes. It also provides a conceptual structure to define performance indicators and dimensions.

3. Research Framework

The literature review suggests the relationship between firm size, and firm performances can be mediated by organisational culture. The framework as shown in (figure 1). Firm size as variable can determine the effectiveness of organisation performances. In this context the framework is bases on several assumptions. The framework state that an ability of firm performances depend on the firm sizes, as a result the proposed framework uses two constructs and direct relationship:, Firm size and firm performance

Figure 1: Research Theoretical Framework



4. Conclusion

In this paper we have highlighted the proposed framework on the relationship between firm size and firm performances. BSR initiatives produce direct and indirect links to firm performance, which enables the organisation to benefit from BSR opportunities. Effective BSR requires developing appropriate BSR strategies activities, and effective BSR activities are those directed at improving both stakeholder relations and social welfare. In turn, the right BSR Strategy achieves convergence between economic and social goals of an organisation. Therefore, the paper provided a theoretical framework which could be the references model to research the relationship between business social responsibility and firm performances.

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