CORPORATE SOCIAL RESPONSIBILITY AND ORGANISATIONAL EFFECTIVENESS: A STUDY OF SELECTED COMPANIES

BY

SUNDAY, THOMPSON OLUDARE

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DEPARTMENT OF BUSINESS ADMINISTRATION
FACULTY OF AIMINISTRATION
AHMADU BELLO UNIVERSITY
Z A R I A:

NOVEMBER, 1988.

DECLARATION

I hereby declare that the entire work herein is my work, and to the best of my knowledge has never been published or presented in any form, anywhere, for any other Degree prior to this research. All materials used/consulted for this research have been acknowledged accordingly in the footnotes and references.

SUNDAY, THOMPSON OLUDARE	Thomas Sunday	22/11/22
Name of Student	Signature.	Date

This project report entitled ,"Corporate Social Responsibility and Organisational Effectiveness: A Study of Selected Companies",by Sunday,Thompson Oludare meets the regulations governing the award of the Degree of Master of Business Administration (M.B.A.) of Ahmadu Bello University, Zaria, and is approved for its contribution to knowledge and literary presentation.

SUPERVISOR	DATE
SUPERVISOR	DATE
M.B.A. COORDINATOR	DATE
HEAD OF DEPARTMENT	9/2/89 DATE
DEAN,POST-GRADUATE SCHOOL	26/6/89 DATE

DEDICATION

This project is dedicated to the memory of my late brother, Olugbenga Sunday-Asalu. The hurt is ours, but not the vengeance.

ACKNOWLEDGEMENT

My successful completion of this course is a further testimony of the fact that with God, all things are possible - To God therefore, I give my wholehearted thanks.

I wish to thank my supervisor without whose direction this project will not have been, Mr. Onipe, Emmanuel Ojo, of the Department of Business Administration. I also thank him, for his words of encouragement, guidance and advice and for building in me the courage to pursue my talent to the grey area where it leads.

Very special thanks are also due to members of my family - Mr and Mrs Sunday Asalu, 'Seyi and Bunmi, Mr and Mrs Adeleke, Yemisi and Sogo; Miss Mary Yeye and all other members of the family.

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To Mr. Ibrahim Musa who typed out the draft and the final work, I also owe a lot of gratitude. I wish you all God's abundant blessing.

Finally, I wish to state that any mistakes herein are mine and not the responsibility of those who made this project possible.

ABSTRACT

Corporate Social Responsibility as a new concept in management science is gaining ground. This work is an attempt in the direction of gaining an insight into this concept, the views held about it and the effect it has on the effectiveness of an organisation. The need to assess the performance of organisations is as perennial as the study of business itself. It is in this regards, that data was collected on two variables of social responsibility and a measure of effectiveness.

To achieve its aims, this study is divided into five chapters which are integrative in nature.

The first chapter as the introductory chapter entails a discussion of the background of study, statement of problems, limitation and importance of study, the hypothesis as well as the assumptions underlying the study and the relevance of the concept of social responsibility to Nigerian Businesses.

The second chapter deals with the review of relevant literatures on the concepts of social responsibility and organisational effectiveness.

Chapter three addresses the research methodology used in testing the data collected.

The fourth chapter contains the presentation of data as well as the analysis of data while the last chapter contains the conclusion and recommendations.

Based on the analysis of the data collected, it was discovered that there may not exist significant relationship between the measures of corporate social responsibility and the level of an organisations effectiveness (except for contribution to government revenue which is discovered to be significantly related to North Brewery's level of effectiveness).

Having done this, recommendations are then put forward that social responsibility as a new concept in management science should be a factor business organisations take into account in their operations.

TABLES OF CONTENT

CONTENTS	PAGE
Title page	i
Declaration	ii
Certification	iii
Dedication	iv
Acknowledgement	v
Abstract	vi
Table of Contents	viii
List of Tables	ix
List of Figures	x
CHAPTER ONE - INTRODUCTION	1
1.1. Background of Study	1
1.2. Corporate Social Responsibility - The Nigerian case	7
1.3. Statement of Problems	15
1.4. Objectives and Importance of Study	17
1.5. Assumptions and Hypothesis	20
1.6. Limitation of Study and Period Covered	22
1.7. Footnotes	25
CHAPTER TWO - LITERATURE REVIEW	27
2.1. Corporate Social Responsibility	27
2.2. Organisational Effectiveness	47
2.3. Footnotes	61
CHAPTER THREE - RESEARCH METHODOLOGY	65
3.1. Introduction	65
3.2. Method of Data Collection	65
3.3. Measures and Measurement	67
3.4. Data Analysis and Hypothesis Testing	70
CHAPTER FOUR-DATA PRESENTATION AND ANALYSIS	
4.1. Introduction	72
4.2. Contribution to Social Causes	72
4.3. Contribution to Social Causes and Government Revenue	75
4.4. Contribution to Government Revenue and ROI	78
4.5. Combined Effects of Variables	81
4.6. Summary of Findings	85
CHAPTER FIVE CONCLUSIONS AND RECOMMENDATIONS	86
5.1. Conclusions	86
5.2. Recommendations	88
5.3. Footnotes	95
6. References	96
7. Appendix	100

LIST OF TABLES

TABLES		PAGE
1.	Matrix for corporate social responsibility constituencies.....	42
2.	Contribution to social causes and return on Investment of John Holt Agricultural Engineers..	73
3.	Contribution to social causes and return on Investment of North Brewery Limited.....	74
4.	Contribution to social causes and government revenue by John Holt Agricultural Engineers Ltd..	76
5.	Contribution to social causes and government revenue by North Brewery Limited.....	77
6.	Contribution to government revenue and return on investment of John Holt Agricultural Engineers Ltd.	79
7.	Contribution to government revenue and return on investment of North Brewery Limited.....	80
8.	Level of ROI, contribution to social causes and government revenue by John Holt Agricultural Engineers Limited.....	82
9.	Level of ROI, contribution to social causes and government revenue by North Brewery Limited.....	83

LIST OF FIGURES

FIGURES	PAGE
1. Mistaken conception of social responsibility..	46
2. Realistic conception of social responsibility.	46

CHAPTER ONE

INTRODUCTION

1.1. BACKGROUND OF STUDY:

The development of the institution of "Business" has seen business organisations and business managers through different attacks at some points in time. In the early days of business Development, Aristotle characterised buying and selling as "unnatural" money making; Napoleon called England a Nation of shopkeepers, and in Adam Smith's view, ".....businessmen form themselves into group to deceive and oppress the public and have actually deceived and oppressed the public in many instances."[1]

After this period also came the criticisms by the "have nots", whose main theme was the redistribution of society's wealth. This was to provide them with larger shares of the society's wealth as they saw businesses receiving disproportional shares of the National Income of countries at the expense of other classes in the economy.

There was also the set of critics who were religious or philosophically bent and saw the aims of business (mostly profit) as against the intellectual and cultural values which should prevail in the society. The main contention of the liberal critics was their

fear of business acquiring too much resources as to become monopolists.

No doubt, one can make bold to say, the development of the institution of business was affected by the activities of these different set of critics. Such other factors that have been advanced as having affected the development of the institution of business and it's management include: the compartmentalization of the social sciences; the emphasis on Macro rather than Micro aspects of economics; the emphasis on technology as against management as the means of development, the belief that management was an art and was therefore not open to science or theory, and the emphasis on price and balance sheet by earlier practioners. [2]

The social responsibility school of critics is the latest and perhaps the most debated today. A forerunner of this school, Elton, Mayo (1933), said of business Managers: "Our administrative elite.....is the elite of yesterday. It faces the problems of the present with the outworn weapons - political and economic theories of yesterday. The chief difficulty of our time is the breakdown of the social codes that formerly disciplined us to effective working together. For the non-logic of understanding-biological and social-

has not been substituted.....we have too few administrators alert to the fact that it is a human social and not an economic problem which they face."[3]

The question that then comes to mind is, what does society expect of business organisations rather than the primary purpose of accomplishing useful or desirable societal ends and remaining viable? This is what the concept of corporate social responsibility seeks to address. The concept of corporate social responsibility is strategic in nature and has been defined by various authors on the subject.

Keith, Davis and Blomstrom, Robert (1975), defined it as, "the obligation of decision makers to take actions which protect and improve the welfare of the society as a whole along with their own interest."[4]

To Bauer, Raymond (1976), "Corporate Social Responsibility is seriously considering the impact of the company's actions on society."[5]

In a classic discussion of the concept of corporate social responsibility, Howard, Bowen.R. (1953), defined it as, the "Obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of the society."[6]

Strategy on the other hand, has been defined as, "the forging of the company missions, setting objectives for the organisation in the light of internal and external forces, formulating specific policies and strategies to achieve objectives and assuring their proper implementation so that the basic purpose and objective of the organisation would be achieved."[7]

Alfred, Chandler (1962), in "Strategy and Structure" defined strategy as, "the determination of the basic long term goals and objectives of an enterprise and the adoption of courses of action and the allocation of resources necessary to carry out these goals."[8]

If we accept the observation of Newman and Logan (1972), that any "meaningful strategy must be concerned in operational terms with - products to sell, markets to reach, materials to acquire, research to perform and the like,"[9] The linkage between corporate social responsibility and organisational strategy will become more obvious. The basic strategic posture of an organisation requires decisions about its consumer targets, product mix, geographic limit of the market to be served, company objectives as well as competitive emphasis. Upon predicting its environment and assessing the organisation's strength and weaknesses, the next

logical step is the consideration of the products or services to produce and the group of customers to which these products/services are to be offered. The importance of the environment of organisations cannot therefore, be overemphasized. In pursuing its objectives therefore, business organisations must put in mind the society as its constituency since the society's expectations are such that if a business organisation fails to respond affirmatively, its role in the society may be altered by the public.

The strategic concept of social responsibility in other words, implies that, modern business organisations need to realise that in this day and age, society's social problems cannot and must not be neglected/ignored in its hungry pursuit of profit. The idea is, therefore, that corporations have not only legal and economic obligations but also certain responsibilities to the society which differs from these two obligations. As McGuire, Joseph (1963), observed, "the idea of social responsibilities supposes that the corporation has not only economic and legal obligations but also certain responsibilities to society which extend beyond these obligations."[10]

In like manner, Archie, Carroll B. (1974), also observed, that, "the social responsibility of business encompasses the economic, legal, ethical and discretionary

expectations placed on organisations by society at a given point in time."[11]

It is important to point out here that the concept of social responsibility is sorrounded by a lot of controversies. So complex has this concept been, that there has not been a general concensus (amongst writers, practioners and researchers) as to what the term is all about. There are both conceptual and theoretical difficulties as to what the concept is and its meaning.

It is these difficulties and complexities that has made authors variously deseribe corporate social responsibility not only as a "fuzzy" doctrine, but also ill conceived, and ill defined and a crude blend of long run profit making and altruism; a search for monetary reward tempered by the environment in which the search is conducted. All these notwithstanding, a basic fact is that, we still have to address the issue of whether or not business organisations should be socially responsible.

It is with these "Problems" and "difficulties" in mind, that this study was conducted with the aim of throwing more light on this aspect of management science and practice.

1.2. CORPORATE SOCIAL RESPONSIBILITY - THE NIGERIAN CASE:

> "The sellers market of yesteryears under which the interest of the buyers were surbodinated to those of the manufacturers and middlemen has been swept off. A new market based on consumer sovereignty is emerging. Manufacturers, whose only problem hitherto was how to produce, are now stuck with overfilled warehourses. Their major challenge now is how to market them....." Obaigbena (1987)[12]

Like most other concepts in management science and practice, the concept of corporate social responsibility has its origin in the advanced economies of the world such as France, United States and Britain. In these economies, the concept's origin can be traced to such movements as: Consumerism (1960 s), civil rights movement, anti-nuclear war movements, environmental movements etc. Basically, it is inconceivable to expect that this concept be superimposed on Nigeria as it is being practised in all these countries. This is as a result of such factors as:

(1) The difference in the stages of development between Nigeria on the one hand and the advanced countries of the world on the other hand.

(2) The concern over such factors as the environment, job condition etc is secondary in Nigeria. This could be considered as a consequence of the first factor above. The primary emphasis is on physiological needs such as, food, shelter, and clothing.

(3) Availability of goods and services, and awareness which are basic necessities for the operationalization of the concept are lacking. With awareness, the weaknesses of the proposition "the business of business is business" would have been detected. But this is far from being the case in Nigeria and to this end, Onipe, E.O. (1983), raised a number of issues that are responsible for this. These include: Public Opinion.

(1) Generally and strongly endorses rising consumption of goods and services as the primary social goal.

(2) Largely ignores industrial pollution of air and water and despoliation of land and its resources. For example, most Nigerian Industrial towns (Lagos, Port-Harcourt, Kano, Kaduna, and Warri), despite being filthy with industrial wastes has elicited little or no reaction from the inhabitants of the towns. Only a few exceptions to this have been experienced in the oil producing areas in the country where inhabitants have

reacted to incessant oil spillage by resorting to the destruction of crude oil pipelines; and also complaints as in the case of the Kaduna fertilizer company.

(3) Is substantially indifferent to equity in unemployment and career prospects. Quota system, tribalism, godfatherism, etc are fully embedded in our country's system.

(4) Accept "Let the buyer beware" as the standard of behaviour in commercial transactions. This is not surprising however, because the Nigerian market has always tended towards "absolute sellers' market" in which case producers/distributors do not consider the need to beware of the goods/services they supply into the market.

(5) Exhibits little concern about industrial safety and hygiene.

(6) Generally believes that vigorous market competition would solve the consumer's problems. This has led to calls for the flooding of our markets with goods to check the existing high prices and also eliminate the middlemen as they interfere with the forces of demand and supply.[13]

No doubt these questions raised as well as the observations made are thought provoking and highly academical. Recent events in the country have proven some of the observations right. For example, the liquidity

squeeze in the economy has actually made companies more aware of the need to satisfy customers (prices,quality and service wise etc) since the market is now tending towards a "buyers market".

Another significant factor, (perhaps the most significant), that cannot escape mentioning in the discussion of corporate social responsibility in Nigeria is the (level of) government participation in business activities. This is not to suggest that, in any economy in the world, (advanced countries inclusive), government adopts a total "hands-off" policy as regards business activities; but rather, that, the level of participation in Nigeria by far exceeds what is obtainable in a supposedly "mixed economy". By government participation in business activities, it is meant, the methods government use in regulating business organisations, and to aid the understanding of this process, a brief history of government regulation of business activities in Nigeria will be undertaken.[14]

Government regulation of business has been defined as that encompassing "all of the controls, directives, pre-requisites or pre-requirements, procedures, and processes that government requires of or imposes on businesses."[15]

In Nigeria, the Trans-Saharan Trade as carried out between some North African and West African countries, opened the floodgate of controls which during the period was in the form of taxes.

However, it was in 1922 that the colonial government formally laid down the need for its involvement in business. It was in this year that the companies' Ordinance, described by Alhaji Ibrahim Aliyu, as, "the first systematic effort at providing a law governing the establishment and conduct of business units within the Nigerian context" was enacted. 1939 saw the company tax ordinance come into effect. This pioneering ordinance was aimed at determining government's revenue through the taxation of company income. There were many such other regulations before independence in 1960. The year 1961, saw the companies' Income tax law being amended. By 1961, out of a total of 72 laws enacted by the then House of Representatives, 40 affected the conduct of business relationship with society.[16] - A record high of 56% - Government regulation of business activities thus arrived with full force.

With political independence, there was a clamour for economic independence as well. The peak of government participation in Business activities in Nigeria came with the promulgation in February 1972, of the Nigerian

Enterprises Promotion Decree (NEPD) which has been nicknamed - "The economic magna carta of Nigeria". With this Decree, government involvement in business, which had hitherto been limited to monetary and fiscal measures added an ownership, management and control dimension. To aid in the implementation of the 1972 Decree, Development financial institutions were set up to provide loanable funds to business organisations. Such institution as the Nigerian Industrial Development Bank (NIDB), was to "act as catalyst to the growth of industries by contributing to the equity and loan capital of such ventures. The impact of this is the shifting of the risk of investment from these private investors to the government and its agencies.[16] Other such institutions as Nigerian Bank for Commerce and Industry (NBCI), and Nigerian Agricultural Cooperative Bank (NACB) were also established.

In 1977, the NEPD was re-affirmed with the aim of correcting lapses therein. This reaffirmation saw the division of all business Units in the country into three schedules the purpose of which was to control participation and ownership by Nigerians in such business units.

Schedule one, which contained 35 enterprises required a total equity ownership of 100% by Nigerians. Such enterprises include: commercial transportation, advertising, dry cleaning,bread and cake making etc.

Schedule two, contained a list of 57 enterprises where equity ownership of 60% or above was reserved for Nigerians. Included here are the banking, boat building, brewery and publishing enterprises.

Schedule three, comprising 39 enterprises, required equity ownership of at least 40% by Nigerians. Cement manufacturing, paper conversion, distillery and tobacco manufacturing among others are included here.

The issue of government involvement in business activities in Nigeria has been traced with a view to showing further, the near impossibility of discussing the concept of social responsibility without a clear reference to government and its agencies in our case. The extent of government involvement in business has even made authors argue that corporate social responsibility is more appropriately termed, "government-corporate social responsibility." Such is the arguement of Onipe E.O. (1983) when he said inter alia, "Today it is not easy to speak of corporate social responsibility in Nigeria. Infact it appears more appropriate, tenable and admissible to talk of government-corporate social responsibility. This is because government now has

majority participation in almost all companies operating in Nigeria."[17]

In the same light, Kolade, Christopher argued, that, "the government sector regulates and sometimes controls the bulk of the economic activity, (therefore) the private sector will perform well only if the public sector is also performing competently and efficiently."[18]

It is on record that subsequent Nigerian governments have since independence been involved and continue to justify this involvement in business activities. As it is now, corporate social responsibility can never be divorced from government social responsibility. The drawback however is that, "the social responsibility of government is not more than the question of paper plans."[19]

In such a situation, as is to be expected, businesses cannot be socially responsible and even so, governments social irresponsibility notwithstanding, some businesses on their own are not socially responsible.

Christopher, Ogunbanjo R. , a leading industrialist in a paper he delivered on the role of the private sector observed that, "Far be it from me to hold brief for everyone in the private sector.....ours is not a perfect society in terms of .....business ethics."[20]

It is pertinent to mention here that the arguement is not that government should handsoff business in

absolute terms since its involvement in some cases - strategic areas of the economy and the provision of social benefits - is justifiable. As things are however, business organisations may only become socially responsible if government encourage them by being so itself.

However, with the new waves being created about privatization, it is hoped that businesses and government would become more seperable making corporate social responsibility divorcable from government-corporate social responsibility.

1.3. STATEMENT OF PROBLEMS:

The concept of corporate social responsibility has been identified to have both conceptual and theoretical difficulties. It is these difficulties that has led to differences in opinion and the consequent development of two major opposing schools of thought - the idealists and the purists.

It is on record that while the purists would not want business organisations to even remotely concern themselves with social responsibility and call for a complete neglect of all forms of socially oriented responsibilities on the part of businesses; the idealist

would want to see businesses not only participate in virtually all socially oriented activities but would go even further to suggest that they initiate such activities. It is common knowledge in Nigeria that some companies have continued to exist in ignorance of societal problems and in complete neglect of the social costs of their allocation of resources. Conditions are however changing and a new orientation fast emerging. It is these changes and the emerging new trends that necessitate business practioners, scholars and the public in general to ask such questions as:

1. Can businesses survive by being exclusively wrapped up in the profit motives in oblivon to the social needs of the time?

2. Are socially responsible organisations more acceptable to the society and hence more effective than the irresponsible ones?

3. Is the concept of corporate social responsibility another fad that has no bearing in this country and will soon come to pass or is it a fundermental change that is here to stay?

4. How are the bounds and specific contents of a company's responsibility determined?

5. Do businesses respond to environmental problems because it rationally recognises the need to be socially responsible so as to maximize long run profits and growth potentials or as a result of "Corporate Conscience"?

6. Is social responsibility compartible with the ideals of business in a mixed economy such as ours?

These and other such issues is what this research aims to analyse.

1.4. OBJECTIVES AND IMPORTANCE OF STUDY:

The central theme of this study is corporate social responsibility and organisational effectiveness in Nigeria. The concept of social responsibility is of strategic importance in management and plays an important role in the country's development. The specific objectives of this study, therefore, include:

1. To examine previous works done on corporate social responsibility so as to gain an insight into what the concept is as well as the views held about it.

2. To establish the relationship(s) (if any) between an organisation's concern for social responsibility and its level of effectiveness.

3. To identify the problem(s) faced by organisations in their quest for social responsibility.

4. To make recommendations concerning the solution(s) to the problem(s) identified as well as suggest areas of further study.

It in pursuance of these objectives that a number of organisations(two) have been chosen as objects of the study.

The importance of corporate social responsibility can be seen in the sense that, it is a value which management factors into its policies and decision making process. It could be viewed as one of the number of influential forces whose presence affects business policies, decision making, as well as the operations of the organisation. Although the concept, as has been stated earlier, is alien to Nigeria and is more pronounced in such countries as, U.S.A., France and Britain, it is of no less importance in the Nigerian business environment. So important is this concept that it has in recent time led to the break of diplomatic relationship between Nigeria and Italy over the social cost of some Italian businesses - the dumping of residual chemicals containing chlorine called polychoridinated biphenyls (PCBS) on Nigerian soil.[21]

Various problems are usually associated with the operations of businesses and these include such problem of urbanization as: congestion and the attendant difficulties of adequate water supply, sewage disposal, transportation flow and high population density. Moreover, there are the problems that have to do with atmospheric and environmental pollution caused by the waste of business organisations in the forms of littered sorroundings, poisoned streams and rivers, as well as poisonous gases emitted during the process of production which may constitute a danger to public health, or noise from manufacturing firms.

Although the concept of corporate social responsibility may not be as widely and fanatically pursued in Nigeria and other developing countries as it is in the advanced world, this research is undertaken because of the importance of the social contract that exists between business and society.

The desire to undertake this study has also been borne out of several other reasons among which is the fact that, the understanding of the concept is of particular significance for developing countries of which Nigeria is one. At this point in time,

in Nigeria's history, next to the universal human needs to understand our purpose of existence, our major National requirement is to raise the standard of living from what it is now.[22] If business organisation are to play a role in this, their part must exceed economic and legal obligations.

Secondly, it has been established that social responsibility is an input force which influences business policies, decision making and business operations. To succeed therefore, business managers need to be aware of the effects of this concept on their operations. It is in their best interest to do so, since a manager that finds appropriate answer to the burning questions raised in social responsibility must have succeeded in locating the key determinant of critical business strategy.[23]

If we accept the fact that social responsibility is perennial; as old as the stone age, as current as today and as topical as tomorrow, its study definitely holds a lot of importance for businesses, managers and society.

1.5. ASSUMPTIONS AND HYPOTHESIS.

In conducting this study, the following assumptions are made:

1. A basic assumption in this study is that meaningful relationship does exist between corporate social responsibility as a strategic concept in management on the one hand and organisational effectiveness on the other hand.

2. It is also assumed that all measures of corporate social responsibility used in this study are representative of all other variables of corporate social responsibility.

3. In the same light, all measures of organisational effectiveness used are assumed to be as meaningful as those not used.

4. As the questionnaires served on the organisations provided a major source of data for this study, it is assumed that all the pieces of information extracted from this source are valid and reliable and would therefore pass any possible test for validity and/or reliability.

Given these assumptions, and with a view of scientifically researching into the problems identified, the following hypothesis has been tested in this study:

"Organisations that are socially responsive are more effective than those that are not."

1.6. LIMITATION OF STUDY AND PERIOD COVERED:

A perusal through the different literatures on the concept of social responsibility by corporate entities will reveal the concept as being used to mean: The organisation's:

1. Responsibility towards itself.
2. Responsibility towards its employees.
3. Responsibility towards the larger society and
4. Responsibility towards the government.

An organisation's responsibility towards itself implies that, the organisation has to ensure its survival. This calls for efficiency in its operations. Profit is therefore important.

The social responsibility of an organisation towards its employees, focuses on the organisation providing its employees with proper work environment as well as rewards to meet their needs among others.

A third dimension of social responsibility is taken to be the organisations responsibility towards the society of which it is a part. In this regard, an organisation is expected to produce goods and services of

high quality and are safe; avoid misleading advertisements to the society; fix low prices; assist educational programmes; donate to charitable, social, artistic and cultural activities.

The social responsibility of a business organisation could also be towards the government. In this case the organisation aids the government with regards to the society's welfare, pays taxes regularly and obeys all government regulations affecting it.

However, rather than there being a clear cut demarcation between these items as discussed above, they are dependent and interconnected. For the purpose of this research, the social responsibility of an organisation will be used to mean: Responsibility towards itself, Responsibility towards the society and Responsibility towards the government. The decision to limit the research to these fields is borne out of the analysis of factors like, time constraint, availability of data as well as resources available to the researcher.

Also, with reference to the period covered, a time period of seven years, that is, 1980 through 1986 has

been used. The decision to make 1980 a starting point was taken because the concept of corporate social responsibility started gaining National attention around this period. (The first National Conference on, "Business Ethics and Social Responsibility in Nigeria", just took place at the Institute of Administration, Ahmadu Bello University, Zaria, from 27th - 29th April, 1983). Also, the limit of 1986 was set considering the availability of data.

However, one can still make bold to say the duration is long enough; and it is also believed all attributes of the variables examined are revealed and validity supports the conclusions reached through analysing these variables.

FOOTNOTES

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CHAPTER TWO

2.1. LITERATURE REVIEW ON: CORPORATE SOCIAL RESPONSIBILITY

The concept of corporate social responsibility has for long been a focal point for researchers, theorists and business practioners.

Generally, corporate social responsibility could be viewed as an action that protects and improves the social quality of life along with the organisation's own quality of life. Quality in this sense, is used, in reference to the degree to which people live in harmony with their inner spirit, their fellow man and natures physical environment.[1]

It is pertinent to mention, that, as a new concept in management science, corporate social responsibility has generated a lot of arguement and controversy. Nnaemeka Ikpeze (1981), writing in, "Business social responsibility, conceptual and practical difficulties," not only touched on the theoretical difficulty involved in the concept but also the conceptual difficulty involved in corporate social responsibility.

In this regard, the conceptual difficulty has

resulted in corporate social responsibility being viewed from three different but related angles. Firstly, the term could be used in reference to, outright contribution to social causes. This scope, which is generally the reference point in most discussions is a limited one. Social responsibility in this regard, is used to mean contribution to such causes as: Education, arts and culture, urban decay, poverty, improvements in prisons, churches and classrooms etc. An important issue to address in social contributions by business organisations is that, they lack justification on a honest simple costs - benefits analysis.

A second conceptual difficulty in social responsibility is the use of the term to mean, the elimination or reduction of social costs arising from businesses normal operations as they allocate resources. The issues to be addressed here includes: external diseconomies to other businesses and health harzards to non-business entities. The social responsibility groups are always on top whenever businesses take actions or commit faux pax which they consider noxious - prominent here are cases of pollution, misleading advertisements, fa ulty products.

A third conceptual difficulty encountered in discussing social responsibility is the conception

of the term as the adoption and observance of ethical codes of conduct with the primary aim of exitrpating malpractices in the activities of business organisations. Here, instead of the reactive stance of the first two approaches, the business is expected to be proactive through formulating and obeying ethical codes aimed at preventing social evils.

These conceptual difficulties notwithstanding, such is the ambiguity of the term, "corporate social responsibility", that it also faces theoretical difficulties. This has to do mainly with distinguishing between business as an artificial entity and the owner(s) as real person(s). In this regard, it is argued, that only persons are known to have responsibilities and not artificial entities such as limited liability companies.

A major theoretical difficulty associated with this concept is the problem of enforcement. This could either be internal to the business organisation or external. It is common knowledge that, accepting the social responsibility philosophy does not guarantee implementation by business organisations. Although, voluntary compliance would have been suggested, this too is fraught with problems and sooner or later makes it inevitable to introduce the mandatory approach. The

government has a major role to play in this direction. Government's enforcement of compliance through the mandatory approach could take the forms of:

(i) Elimination of social costs by offending business organisations and

(ii) Adoption and observance of ethical codes of conduct with the aim of avoiding malpractices by business organisations. These, government could ensure by using legal sanctions.

Within the business organisation itself, there is also the problem of enforcement since the perception of members as regard the concept differs. The chief Executive must, therefore, address the question of how to ensure the efficient and effective implementation of perceived social needs throughout his organisation.

A second theoretical difficulty sorrounding this concept, concerns the establishment of criteria for the selection of social causes to which the business would respond. This is constrained by accountability, feasibility of undertaking any social cause considering a company's unique competitive position and unique resources, and lastly, identification of responses that require government's intervention to which the organisation may

contribute valuable guidance. While the choice of social cause(s) may pose no problems to individual owner(s), it is far from being the case in limited liability companies since ownership is distinct from control. The third theoretical difficulty, is the problem of measurement. This is in regard to measuring corporate social responsibility in terms of cost benefit analysis to the society. An often used intellectual arguement in this regard is that, any external diseconomies or such other costs resulting from an organisations conversion of resources are neutralized by the benefits derived therefrom. In other words, the benefits derived from and the cost associated with,cancel one another. Benefit + Cost = Zero.[2]

It is these conceptual and theoretical difficulties sorrounding the concept that has made some authors argue that the concern of businesses should not be "social responsibility" but rather "social responsiveness."

Such is the view of Melvin Anshen (1980), in "Corporate strategies for social performance." According to Anshen, responsibility is under social control and hence outer-directed and also outside management's control. Social responsiveness on the other hand is inner directed and under management control since it

basically has to do with performance. Melvin Anshen would not want social responsibility equated with social performance since this is loaded with complex problems and questions.[3]

The arguement of Newman and Logan (1976), regarding the inability of business executives, due to lack of means and competence, to undertake improvements in churches, prisons, classrooms as well as other areas that are only remotely connected with their normal activity reinforces the view of Anshen. Newman and Logan would want business executives to be concerned with social responsiveness since it, "deals with actions and outcomes that are directly affected by executive decisions - Employment, pollution, customer satisfaction with product qualities, Advertising, job harzards and deaths or injuries caused by defective product content."[4]

The Secretary of the Organization of European Community Development (OECD) in 1969, also argued along this same line. To him, an organisation should not delve into the complex issue of corporate social responsibility but should rather concern itself with social responsiveness.[5]

Ackerman and Bauer (1976), also contended that, the term "responsibility" connotes the assumption of

obligation which in turn emphasizes motivation as against performance. In their Opinion, Business Social responsiveness should be the theme of concern to organisations, since motivation although an essential input, is not sufficient if corporate social programmes are to be implemented.[6]

The views of these authors have been given to show the difficulties sorrounding the concept itself. Although, the differences in Opinions as regard the meaning of this concept should not be significant enough to obscure our understanding of what the concept seeks to address, the lack of simple and clear meaning for the concept, has led to the development of two opposing schools of thought. There are the IDEALISTS on the one extreme and the PURISTS on the other extreme. In between these two seemingly opposing views, various shades of mixed Opinion Obtains. It should however be put to rest here, that the disagreement has never been over whether businesses have responsibilities or not. Rather, it is over what those responsibilities are - economic and/or social. This is a complex issue that raises not only ethical but also meta ethical issues.[7]

The Purists as earlier identified, are proponents of the profit maximization school of thought. They have also been referred to as the classical school. A lot of work has been done under the umbrella of this school.

Milton Friedman (1962), a leading proponent of this school, writing in the, "social responsibility of business" in his book, "capitalism and Freedom", considered the view that, corporate officials and leaders have a "social responsibility" that goes beyond serving its stockholders or members interest as a fundamental misconception of the character and nature of any free economy. To Friedman, the business of business should remain business and in this light, the profit maximization objective of an organisation should be considered purely on its merit.. He equated social responsibility with stealing from shareholders and therefore, adviced that, business managers should concentrate on what they excel in-making profits.[8]

Theodore Levitt (1958) holds the same view as Professor Friedman. Writing in, "The dangers of social responsibility," he posited that, a business organisation is in existence only to perform the function of

producing sustained high level profits. According to Levitt, welfare and society are never the corporation's business. As a corporation, "its business is to make money and not sweet music." In this wise, therefore, the government exists for the welfare of the people and not to provide business services; in like manner, the business's job is not government. To Levitt, therefore, businesses have only two responsibilities: Firstly, Obeying the elementary cannons of everyday face to face with civility and secondly, seeking material gain.[9]

Christopher D. Stone (1975), also argued that, "business is not equipped to handle social activities." The view point of this position is that, managers are only economically and production oriented and necessarily lack the expertise - social skills to make social decisions.[10]

On the other extreme of the continuum there exists the idealists. "As far as this school of thought is concerned, the problems of the society's environment are created by the business establishments and as such, they should be held responsible."[11] It is the contention of this school of thought, that managers and business organisations should be socially responsible without too much regard to the cost of being so. In this light, the liberal economist, Neil Chamberlin (1973), has argued that the profits to be forgone by business organisations for being socially responsible

is so negligible as to make no much difference.[12]

Melvin Anshen (1980), writing under the idealists umbrella, contended, "that there are two generally accepted principles regarding the issue of corporate social responsiveness."

(1) Businesses are created by the society and it is this same society that makes them function, and

(2) In pursuing its economic goals, business organisations generate a variety of social effects.

It is on the basis of the obvious linkage between the first and second principles that, "differing ideas about the appropriate role of performance of business in responding to societal needs have emerged."[13] Anshen therefore, called for a new social contract between business and society. Acknowledging the fact that, the demand for social responsibility not only challenges the thesis that decisions taken with a view to maximizing private profit also maximizes public benefits, but also raises fundamental questions about the managers' intellectual ability, he still maintained that it was in business' best interest to be socially responsible. Melvin would like the debate over whether or not corporations should be socially responsible put to rest; and the more fundamental question of which corporation has which responsibilities as well as the prioritizing of these responsibilities discussed.[13]

Keith Davis (1975), observed that: (1) the concept of corporate social responsibility applies to all organisations (business and non-business);

(ii) Applies to all persons in all of their life roles whether as employees or employers;

(iii) The movement toward greater social responsibility rather than being a fad is a fundamental change in social directions;

(iv) Social response by business will increase business, economic costs and could further strain business customer relationship as a consequence of the higher price that would result.

However, Keith still posited that businesses still be socially responsible. He gave five guidelines that businessmen must have to take heed of as regards social responsibility so as to avoid unnecessary confrontations with society. These guidelines he collectively referred to as, the "social responsibility mode". The guidelines include: social power of businesses; open system interface (i.e. input receiver and output producer); calculation of social costs; the users pay; and social responsibilities as citizens. Keith, using this model, stressed the need for businesses to be responsible for the social costs of their operations as well as, bear the kind of citizenship

costs for society that individual citizens bear too.[14]

Drucker, Peter (1973), referred to the area of corporate social responsibility as partaining to the quality of life which is a major task area for management. In Drucker's opinion, all management should be responsible for their by-products, which is the impact of their legitimate activities on people and on the physical as well as social environment. In his opinion, the concern of managers should not be limited to providing the quantity of life, but also attention need be paid to the quality as well. While he agreed, that, "Social responsibility will undermine business' economic performance and society with it, and will involve the usurpation of power by managers in areas where they lack legitimate authority, nontheless, social responsibility cannot be evaded." In the light of its unavoidability, managers he adviced, need to think through the responsibilities they can and should assume in what areas and for what objectives. Drucker concluded, that businesses should take care to manage both their social responsibilities as well as their social impacts.[15]

Such is the position of Hayes A. Douglas in, "management in a crisis society". While conceding that corporate social responsibility will require major

changes in the traditional patterns of management decision making, he also argued, that, organisations, in other to avoid self-destruction must be socially responsible. He warned that unless organisations become so, history may have to declare the tragic demise of business free enterprise system in this last half of the twentieth century.[16]

Andre Van Dan (1982), also writing under the idealists school, argued that as multipurpose corporations, business organisations need to become aware that, awareness is on the increase, and with it, it (business organisation) is being held more and more accountable for such externalities of its operations as: allocation of scarce resources; contamination of the environment; the well being of its workers and of the communities in which it operates. The arguement in short, is that, economics as a dimension of the society, can therefore, no longer be divorced from other societal dimensions such as the social dimension.[17]

Marusi R. Augushne, has suggested that organisations work hands in gloves with the government in preventing social problems from arising at all. They should also

be socially responsive and help in solving social problems as they arise.[18]

Norman Bowie, in "changing the rules", also expressed the need for corporate entities to be socially responsible. He argued that, society imposes certain obligations on corporations in their charter of incorporation and in accepting this charter, therefore, the corporation accepts the moral constraints contained therein. Any corporation that, therefore, fails to be moral, violates the principle of fairness, which is synonymous with breaking a promise. Putting forward the principle of contribution, that is, if one contributes to a social harm, then, one has a proportional obligation to contribute the most to resolving social ills. Bowie said, corporate entities should be socially responsible if not because it has agreed to do so, because of these two factors/principles.[19]

Leading idealists Ackerman and Bauer (1976), attempted a classification of the social issues that has been the concern of corporations over the past twenty years into three broad categories:

(1) Social problems external to the corporation which were not caused by any direct business action, or, if by direct business action (e.g. job description),

reflected flaws of the larger society - poverty, drug abuse, decay of cities etc. That these stimulate corporations to be socially responsive.

(2) External impact of regular economic activities - Environmental pollution, product quality, safety of use of products, reliability of goods and services, confusion or deception from marketing practices, the social impact of plant closings and workers' layoffs and plant locations.

(3) Others found within the firm (and these are closely related to (1) above) - equal employment opportunity, occupational health and safety, the quality of work life, industrial democracy.

Ackerman and Bauer, while agreeing that a business' social impact can be perceived in a variety of ways and hence has no specific boundaries as such, still maintained that the "constituencies" of the business should remain the focal point. The "constituencies" in this regard, is an umbrella word covering its employees, customers, vendors, owners, the immediate community and the larger community. It is in the light of defining an organisation's social responsibility in terms of its relationships and roles to these constituencies that they developed the matrix overleaf.[20]

TABLE I

BUSINESS CONSTITUENCIES

BUSINESS ACTIVITIES	Employees	Customers	Owners	Vendors	Immediate Community	Lager Community
Product						
Marketing						
Finance						
Facility Location						
R & D						
New Business Development						
Government Relations						
Production						
Special Programs.						

In line with the somewhat "revolutionary" nature of the concept, other idealists have even suggested more radical roles for business organisations. Such is the suggestion of the council of Trends and perspectives of the chamber of commerce of the United states, which would want businesses to proact and not only react in being socially responsible. It went further to suggest the (re) structuring of objectives so that, "social goals are put at par with economic goals."[21]

David Rockfeller (1972), in his address to the advertising council also advocated for the necessity of certified accounts of corporate social performance which should be discussed by shareholders during Annual General Meetings.[22]

Also, in the Nigerian context, some work that bear directly on the subject under investigation has been uncovered. Onipe, E.O. (1983), in, "The role of government in encouraging corporate social responsibility", raised a number of issues regarding the concept and its application in Nigeria. Drawing from the arguements of both purists and idealists, he identified the unique features that affects the application of the concept in the Nigerian scene-government participation in Business. He contends that the degree of government involvement in

Nigerian business in most cases exceeded what is obtainable in a supposedly "mixed economy". And in this light, an important factor in encouraging organisations to be socially responsible was the degree to which government itself was socially responsible. Drawing on some major government corporations as examples - National Electric Power Authority (NEPA) and the Nigerian Railway Corporation among others - he argued that, the government on the contrary was socially irresponsible. He reiterated the need for government to be socially responsible so that corporations can be encouraged to do same in such areas as Infrastructural development; provision of social services; education; pollution control; employment opportunities; good marketing practices; arts and culture; availability of goods and services; poverty; decay of cities; health and safety measures. [23]

Akindele, Jacob (1980), in "corporate planning for social responsibility", posited that social responsibility is the business of business. In his opinion, as management performs its basic duties of planning, organizing and controlling company operations, it should bear in mind the fundamental objective of inbuing all these activities with relavance to humanity.[24]

Thomas, Petit (1958), synthesized the thoughts of such idealists as Elton Mayo, Peter Drücker, Adolph Berle and John Maynard Keynes, and asserted that, the differences in their individual approaches notwithstanding, agreement on two fundamental points are discernible from their writings. These are:

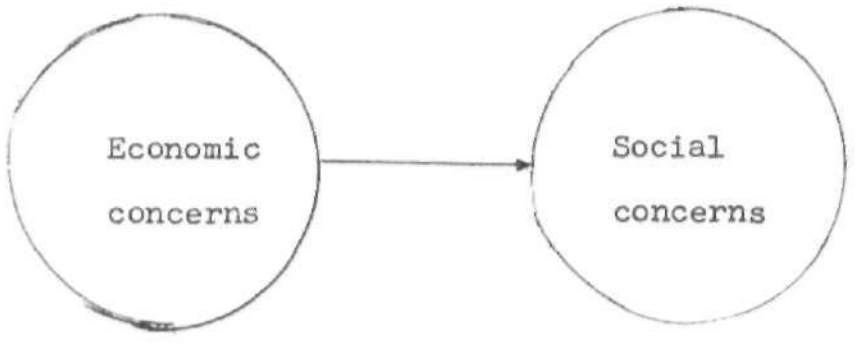
(1) They agree that industrial society today faces serious human and social problems brought on largely by the rise of large corporation and

(2) There is the need to conduct the affairs of their corporation in ways which would solve or at least ameliorate these problems.[25]

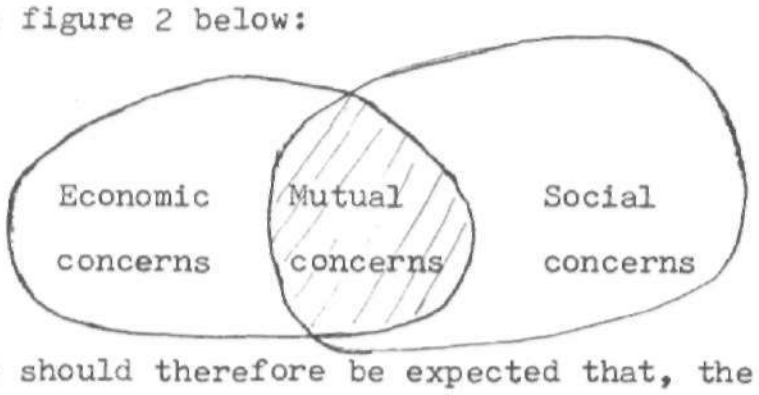
Such has the literature been in this field of management science that it has actually become a challenge to the basic foundation on which business organisations were first built. It is however discernible from the arguements of the two opposing schools of thought presented above, that both sides generally agree that organisations have responsibilities - economic and/or social.

It is in this regard that Archie B. Carroll (1974), developed his venn Diagram depicting the response of managers to economic concerns and social concerns. To

Archie, the view that economic concerns and social concerns are opposite ends of a continuum is a "mistaken conception" as shown in figure 1 below:



Archie argued, that, a more realistic view of corporate social responsibility is that, "although there may be some clearly distinct economic versus social concerns, there is a rather broad area in which economic and social concerns are consistent with one another. It is corporate activities which fall into this shaded area that provide the more realistic view of social responsibility, that is, activities that are profitable but at the same time responsive". This is also represented in figure 2 below:



It should therefore be expected that, the school of thought a manager belongs to or leans toward, as well

as how he views economic and/or social concerns will determine his response to social causes.[26]

In the words of Ian Wilson (1974), "managerial response to social issues can essentially range on a continuum from no response (do nothing) to a preactive response (do much)."[27]

2.2. ORGANISATIONAL EFFECTIVENESS:

The need to assess the performance of formal organisations has been widely recognised since the beginning of the twentieth century. In this regard, Max Weber (1947), Chester Barnard (1958), and other members of the now popular"classical" school of organisational theorists such as Fayol 1949; Gulick 1937; Taylor 1911; and Urwick 1943; all placed heavy emphasis on the variables that determine organisational effectiveness or "efficiency".[28] However, while the necessity of evaluating an organisation's performance has never been in doubt, it is indeed a most difficult task. In the words of Osborn and Hunt (1974), evaluating an organisation's overall performance is amongst the

difficult problems in organisation theory.[29] The multifacetedness and complexities sorrounding the concept of organisational effectiveness has made theoretical pluralism (to) become a defining characteristic of the extent of literature dealing with the effectiveness of an organisation. According to Hall R.H. (1972), "the effectiveness of an organisation has been of concern to both researchers and practioners - especially those who are also decision makers for some years now. Despite such marked interest in the subject, however, much confusion still exists regarding the definition, theoretical approach, dimensions and measurement of effectiveness."[30]

Lee Spray (1976) quoting from "Organisational Effectiveness: some dilemmas of perspective, "by Robert Dubin, identified one such confusion associated with the concept of organisational effectiveness. According to the author, organisational effectiveness could be interpreted in at least two fundamentally different ways depending on whether the organisation is viewed from the inside or outside. Dubin termed the inside perspective of an organisation's effectiveness as basically the managerial viewpoint. In this regard, the prime concern in measuring effectiveness is whether

the resources invested are efficiently utilized. However, the outside perspective as a radically different view point, considers the output of the organisation as regard its contribution to the larger society. These two view points are simply put worlds apart and difficult to reconcile. It could be discerned therefrom, that, organisations exist under conflicting demands as regard how to be effective. In his view, effectiveness should, therefore, be considered from three seperate areas of business operations - market and economics; behavioural personnel management; and organisational structure. As a solution to these dilemmas, Dubin recommended a strategy involving the following elements: (1) In developing a strategy, the first step is to accept the fact that a choice must be made (2) Recognize that within any given organisation and particularly a business organisation, it is not always true that the preferred choice will be the one consistent with the view of an insider (3) There is also the need to recognize that, under some circumstances both views of organisational effectiveness will have to be taken into account simultaneously. Incorporating these elements into its strategy is believed will lead to the optimization of an organisation's overall effectiveness.[31]

Many more writers have contributed to the literature on the complexities of effectiveness measurement. One such complexity as identified by Haner F.T. (1976), in his book, "Business policy, planning and strategy", is the presence of different significant levels in organisations. This he referred to as the stratigraphy of monitoring performance. According to Haner, any measure of organisational effectiveness seeks to monitor the performances of three levels in such organisation. These are: the Top management, the Middle management and the Lower management levels. He further stated that, while similarities exist among the criteria used in evaluating the performance of lower and middle management levels, those of Top management level tend to be unique. This is because in the measure of Top management performance, the criteria used are usually total - organisation - derived.[32]

Glueck F. William (1972), identified one such complexity associated with effectiveness measurement. According to Glueck, in centralized firms, decisions regarding corporate strategy are usually implemented at the headquarters for the entire divisions that make up such firms. And even in cases where firms are not centralized, the setting of general controls or guidelines through which strategy is to be implemented is

still reserved for the headquarters. For the implementation of such strategies, he continued, policies are however needed. The relationship between policy formulation and evaluation can be seen in the light that, when policy making is done effectively, such policies can be used as the basis for setting sub-goals for the organisation which also serves as the evaluative standards for the sub-units. Moreover, these measures also help in assessing the effectiveness of the business functions and managers as well. In this light he argued further, even while measuring the performance of a sub-unit, the input of the headquarter cannot be overlooked.[33]

Writing in, "contributions Research can make in understanding Organisational Effectiveness", Campbell J.P. in the book, "Organisational effectiveness theory - Research utilization", edited by Spray (1976), saw the concept of Effectiveness as a construct which has no direct operational definition but which constitutes a model or theory of what organisational effectiveness is. Campbell identified two general models of Effectiveness construct. The literature on effectiveness according to him, consisted of (1) the goal-centred view and (2) the natural systems view.

The goal-centred view explicitly assumes that, an organisation is run by a rational set of decision

makers who have in mind a set of goals to be pursued. Also, these goals are few enough in number to be manageable and they can be defined well enough so as to be understood. These assumptions, therefore, makes it possible to plan the best management strategies for goal attainment. Within this orientation, developing criterion measures to assess how well goals are being achieved is considered the best method of assessing the effectiveness of any organisation. The natural system view on the other hand, assumes that the size of an organisation notwithstanding, the demands placed upon it are so dynamic and complex, thereby making it impossible to define any small number of organisational goals in any meaningful way. Using this orientation to assess the effectiveness of an organisation, involves the analyst trying to find out if an organisation is internally consistent with itself, whether its resources are being judiciously distributed over a wide area of coping mechanism, and finally, whether it is using up such resources faster than it should.[34]

"The fact that most of the literature on organisational Effectiveness is based on static assessment of mature organisations whereby perceptions of organisational effectiveness are measuredat one point in time", has also

been advanced as a drawback associated with measuring an organisations performance.[35]

Lack of concensus as to the meaning of the concept of effectiveness, has also served to make more difficult the task of assessing organisational performances. Writing in, "when is an organisation effective"?, Richard M. Steers (1976), said, although analysts are generally agreed on the need for the pursuit of effectiveness as a basic managerial responsibility, they lack concensus as to the meaning of the concept. In this regard, to the Economist or financial analyst, organisational effectiveness is measured in terms of high profit or Return on Investment; the line manager sees effectiveness in terms of the amount and quality of goods and services generated; the Research and Development scientist views it in terms of the number of patents, new inventions or new products developed by the organisation; while Labour union leaders see it as job security, wage levels, job satisfaction and the quality of working life. Steers raised several questions associated with measuring effectiveness of organisations and these include:

(1) Is there any such thing as organisational effectiveness?
(2) How stable-consistently valid-are the assessment criteria?

(3) What time perspective is most appropriate in assessment?

(4) Are the assessment criteria related positively to each other?

(5) How widely can the criteria be applied?

(6) How do such criteria help us understand organisational dynamics?

(7) At which level should effectiveness be assessed?

To combat the problems associated the static viewpoint, measure of an organisations effectiveness, he suggested the definition of effectiveness in terms of achieving operative goals - a "process model" approach consisting of three related components namely: the notion of goal optimization, a systems perspective, and an emphasis on human behaviour in organisational settings.[36]

The literatures on effectiveness also reveal quite a number of approaches used in isolation or combination in seeking to measure organisational effectiveness. Among these are: the decision making model of March and Simon (1958), the criterion approach of Georgopoulos and

Tannenbaum (1971), the contingency approach of Lawrence and Lorsch (1967), the structural approach of the Aston group (Hinings and Lee 1971; Inkson, Pugh and Pheysey (1973) and various system models (Evan 1972; Katz and Kahn 1966; Likert 1961; Taylor and Bowers 1972). There are also a host of programmatic approaches such as, operations research, cost/benefit analysis, management by objectives, and different organisational development models.[37]

Closely related to the problem of approaches is the issue of criteria used by analysts. The multiplicity of criteria used by analysts has also not helped in solving the problems associated with measuring effectiveness. A search through the literature has revealed such diverse criteria as: adaptability to environmental conditions (Yuchtman, 1966), human assets value (Bennis, 1966), impact on society (Parsons, 1960), the degree of cooperation with other organisation (Price, 1968), and efficiency in the utilization of assets (Etzioni, 1960).[38]

E.O. Onipe (1988), in "Corporate strategy selection-policy formulation and organisational effectiveness: An empirical study", also identified fifty-eight such variables that could be used in assessing an organisations performance. This comprehensive list include inter alia:

Productivity, efficiency, overall effectiveness, profit, quality, accidents, absenteeism turnover (personnel or inventory), job satisfaction, control, goal congruence, stability, conflict, return on investments .[39]

However, so complex is the task of measuring the effectiveness of an organisation that, most of these variable have been criticised as being subjective. Such subjective measures are said to be favoured by researchers because of the relative ease of their construction in contrast with the manifest difficulties involved in developing objective and unobstructive measures of effectiveness. Another advantage identified with subjective measures is that, they can be applied to all types of organisations - business or government, a court or a university. The major drawbacks, however, are those of reliability and validity. As Lee Spray (1976), observed, "Unless subjective ratings of organisational effectiveness are consistently and significantly associated with unobstructive measures of an objective nature, there is little reason to accept them as either valid or reliable."[40]

To cap the complexities sorrounding the measurement of an organisation's effectiveness, lies the lack of a

generally acceptable definition and operationalization of what constitutes organisational effectiveness. This has led to the development of as many definitions as there are authors on the subject. Some of these definitions are to say the least not only conflicting and contradicting but also confusing.[41]

Yuchtman and Seasore (1967), favouring a "resource" approach to effectiveness, therefore, defined it as, "the effectiveness of an organisation in terms of its bargaining position as reflected in the ability of the organisation in either absolute or relative terms, to exploit its environment in the acquisition of scarce and valued resources."[42]

In seeking to define effectiveness, James H. Stewart having classified previous research studies on effectiveness into four based on their conceptual frameworks (goal achievement, system resource, organisational means and ends, and functional requirement models), went ahead to develop a system's effectiveness model. According to Stewart, organisational effectiveness can be framed in terms of: acquisition, consolidation, power, and goal. Effectiveness therefore, is "the

extent to which a social system makes progress toward its acquisition, consolidation, power and goal objectives."[43]

In his own definition, Barnard (1938), saw effectiveness as, "the accomplishment of the recognised objectives of cooperative action. The degree of accomplishment indicates the degree of effectiveness."[44]

To Etzioni A. (1964), organisational effectiveness refers to the degree to which an organisation realises its goals. This definition of effectiveness is generally favoured over other definitions. However, this is not to suggest in anyway, that Etzioni's definition is without blemish as it also runs into such problem as determining whose goals are being evaluated - official goals or operative goals? As a multiple goal approach however, it is the most widely used.[45]

These complexities and problems as discussed above notwithstanding, the strategic choices and implemental policies of organisations (amongst which is corporate social responsibility) cannot be left unevaluated. What need be done is to synthesize the different perspectives thereby using common criteria for

evaluative purposes. As observed by Spray Lee (1976), "the diversity of specific interest manifested by organisational analysts should not, however be allowed to obscure the consensus which exists at a general level in the field. Scanning the organisational horizon in search of similar process which - due to competing theoretical perspectives or a variety of other influences - have escaped consensual definition is more than simply a mopping-up procedure on a Lexicographical plane. Highlighting the common observational dimensions embedded in various approaches to organisational effectiveness provides a foundation for exploring the emerging task of synthesizing the multiplicity of perspectives." In seeking to identify areas that are common to all analysts of organisational effectiveness, Spray stated that, all literatures on the subject are largely concerned with raising and providing answers to five distinct but interrelated issues. These are:

(1) What alternative ways of evaluating organisational performance are conceivable?

(2) What are the consequencies of various levels of organisational performance for other organisational processes?

(3) What are the underlying causes of various levels of organisational performance?

(4) What advantages and disadvantages are inherent in the various approaches to evaluating organisational performance?[46]

As has been highlighted earlier, all the complexities and problems sorrounding the concept of organisational effectiveness do not serve to vitiate the necessity for this analysis, but rather it should be seen as a constraint that imposes upon the analyst, the importance of excercising utmost care in such analysis.

FOOTNOTES

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CHAPTER THREE

RESEARCH METHODOLOGY

3.1. INTRODUCTION:

This research has as one of its aims, the establishment of the relationships between an organisation's concern for social responsibility, a strategic choice issue, and its level of effectiveness. Recognising the need for a fairly representative sample of companies in the pursuit of this aim, a number of organisations were served with questionnaires for this study. However, as a result of such constraint as the availability of data, only the response of two such organisations are analysed. The results obtained from the analysis of these data are used as basis for estimating the prediction equations for the two organisations.

3.2. METHOD OF DATA COLLECTION

Data inputs into this research was collected from two principal sources. These are generally categorised into:

1. Primary source and
2. Secondary source.

PRIMARY DATA:

For the purpose of this research, the major source of primary data was the questionnaire. (See Appendix 1). To gain an indepth knowledge into the concepts of corporate social responsibility and organisational effectiveness, the questionnaire was divided into two sections. The first section dealt with the concept of corporate social responsibility. The aim among others was to collect information on how socially responsible an organisation is in the three areas addressed by this study - responsibility to itself, responsibility to the society and responsibility to the government.

The second part of the questionnaire dealt with the organisation's effectiveness and data was collected on two measures of effectiveness market share and return on investment.

Another primary source of data was interviews with members of the organisations. These interviews were aimed at clarifying some information gathered through the secondary data source.

SECONDARY DATA:

Extensive use was made of secondary data for the purpose of this research. The most important source of

secondary data include library readings from periodicals, magazines, journals, newspapers and textbooks. These sources contributed immensely to the materials used for this research.

3.3. MEASURES AND MEASUREMENT:

As has been earlier stated, uncovering the effects of certain corporate social responsibility variables on the level of an organisation's effectiveness is an aim of this research. Going through the literatures, quite a number of such variables are known to exist. There are both quantifiable and non-quantifiable variables. Such social responsibility variables that are known to exist and could significantly affect the level of organisational effectiveness include:

1. Contribution to social causes such as education, arts and culture, urban decay, poverty, relief fund, motherless baby homes, hospital, pollution control and improvement in churches, prison and mosques.
2. Contribution to government revenue.
3. Distinctive product quality.
4. Product pricing.
5. The role of selection, development and compensation of employees.

6. The role of advertising and personal solicitation; and a lot of other such related variables.

However, for the purpose of this research, the explanatory variables used were limited to two of the above. These are:

1. Contribution to social causes and
2. Contribution to government revenue.

The decision to limit the variables to these two was taken considering the availability of data and the relative ease with which they could be measured when compared to such other variables as distinctive product quality or role of advertising and personal solicitation. Also, although contribution to government revenue as a blanket term could be used to refer to custom duties, excise duties and company taxation paid by the organisations to the government, for the purpose of this study, only tax figures are considered. This is because, such tax figures are readily available from organisations while the others are not.

In seeking to obtain information for this purpose, the organisations were requested not only to identify such social causes that they have contributed to, but also to rank order them. The problems faced by

organisations in their bid to be socially responsive also received the same treatment. These problems were in other words, also required to be identified and rank ordered. As regards the Naira contribution to social causes, values ranging from no contribution (zero Naira), to contributions in excess of ₦1,000,000 were assumed from which the organisations stated their contribution.

Also, tax values ranging from a situation of no-tax-payment (zero tax) to tax figures in excess of ₦4,000,000 were assumed and the organisations requested to tick the level applicable to them during the periods under study.

As regard the concept of effectiveness, the literature on effectiveness has revealed such measures as: productivity, return on investment, efficiency, profit, quality, quality accidents, growth (increase in such variables as total manpower, plant capacity, assets, sales, profits, market share and number of innovation), cash flow from operations and turnover among others. For this research, data was gathered on two variables of effectiveness - market share and Return on Investment. However, the return on investment (ROI) has been favoured over market share as the dependent variable in this study. This is not without reasons most

important among which is the fact that, market share although a measure of effectiveness, could also be a for strategic choice issue. To prevent ambiguity therefore, the return on investment is favoured. The return on investment is also favoured because, of all the profitability measures available in the literature, it is the most widely used and accepted measure of effectiveness.

From the above, it becomes discernible that while contribution to social causes and contribution to government revenue on the one hand constitute the independent variables, the Return on Investment as a measure of effectiveness represent the dependent variables in this study.

3.4. DATA ANALYSIS AND HYPOTHESIS TESTING:

In an attempt to analyse the data gathered and test the hypothesis developed, the relationship between the chosen independent variables individually and the dependent variable was determined. The relationship between contribution to social causes and return on investment was investigated, and also the relationship between contribution to government revenue and return on investment was investigated too. The relationship between

the chosen independent variables, that is, contribution to social causes on the one hand, and contribution to government revenue on the other hand was tested too.

Then, the Joint relationship between the independent variables (contribution to social causes and contribution government revenue) on the one hand, and the dependent variable (Return on Investment) on the other hand, over the period for which the study was conducted was also examined using multiple correlation analysis.

The aim was to explain the coefficient of correlation (r) obtained from the analysis as described above, so as to determine the significance of the relationship between the variables.

In seeking to determine the strength of the relationship between variables, the coefficient of determination (r2) was also calculated.

It should be noted that, "the interpretation of a correlation coefficient as a measure of strength of the linear relationship between two variables is a purely mathematical interpretation and is completely devoid of any cause or effect implications."[1]

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CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1. INTRODUCTION:

Reviewing the literature on corporate social responsibility, a variety of variable are discernible. The same applies to organisational effectiveness. However, the variables for social responsibility tested in this study are:

1. Contribution to social causes and
2. Contribution to government revenue.

Also, for organisational effectiveness, the Return on Investment was tested for the two organisations used in this study.

4.2. CONTRIBUTION TO SOCIAL CAUSES

While decisions regarding an organisation's contribution to social causes are supposed to be voluntary in Nigeria, pressures are constantly being mounted on business organisations to be responsive in this wise. If contribution to social causes is measured in terms of an organisation's contribution towards such causes as:

education, relief fund, arts and culture, urban decay, hospital, pollution control, improvements in chruches, prison and mosques, poverty and motherless baby homes, the values of contribution to social causes and the Return on Investment for John Holt Agricultural Engineers Limited between 1980 to 1986 are as tabulated below:

TABLE 2

YEAR	CONTRIBUTION TO SOCIAL CAUSES (₦'000)	RETURN ON INVESTMENT (%)
1980	5	17.5
1981	5	17.5
1982	5	17.5
1983	5	12.5
1984	30	12.5
1985	30	12.5
1986	30	12.5

From the above, the coefficient of correlation between the organisations contribution to social causes and its level of effectiveness denoted by rA equals to - .75 (See Appendix A). This implies that there is a negative correlation between the two variables tested.

In other words, as contributions are made to social causes, the level of an organisation's effectiveness diminishes. Also, the coefficient of Determination $r_A^2 = (-.75)^2 = 0.5625$ shows the strength of the relationship betweem them. Testing for the statistical significance of the coefficient of correlation, from the Appendix, it is discovered that P.E = 0.1115 and 6PE = 0.669. Since r_A is $\angle$ .30, which is also less than 6PE, the coefficient of correlation is not significant and infact no evidence of correlation exists. For the second organisation, North Brewery Limited, the values of its contribution to social causes and its Return on Investment are also presented in Table 3.

TABLE 3

YEAR	CONTRIBUTION TO SOCIAL CAUSES (₦'000s)	RETURNS ON INVESTMENT (%)
1980	5	2.5
1981	5	7.5
1982	275	17.5
1983	5	2.5
1984	5	12.5
1985	5	20
1986	5	17.5%

From the table, the coefficient of correlation between the organisation's contribution to social cases and it's Return on Investment denoted by r_A equals to 0.3648 (See Appendix A). This implies that there is a positive correlation between them. The coefficient of Determination $r_A 2 = (.3648)^2 = 0.1331$. This shows a weak relationship between the two variables. Testing for the significance of this correlation coefficient, it has been found that the PE is 0.221 and 6 PE = 1.326. Since r_A $\angle$ 6 PE, decidely, thereis no evidence of correlation.

The results of these analyses have therefore, further confirmed the earlier assertion in the write-up that, contribution to social causes cannot be justified on an honest cost-benefit analysis.

4.3. CONTRIBUTION TO SOCIAL CAUSES AND GOVERNMENT REVENUE:

As has been stated earlier, government revenue figures in this project refer exclusively to tax figures over the years. In examining the relationship existing between an organisation's contribution to social causes and government revenue, the figures in table 4 overleaf were used. These figures are for the

John Holt Agricultural Engineers Limited between 1980 and 1986.

TABLE 4

YEAR	CONTRIBUTION TO SOCIAL CAUSES (₦'000s)	CONTRIBUTION TO GOVERNMENT REVENUE (₦'000s)
1980	5	500
1981	5	500
1982	5	500
1983	5	500
1984	30	500
1985	30	500
1986	30	500

From the above, the coefficient of correlation between the organisation's contribution to social causes and its contribution to government revenue denoted by r_B equals 0. (See Appendix B). This implies that, there is not correlation whatsoever between these two variables. In like manner, the coefficient of determination $r_B2 = (0)^2 = 0$ shows a lack of correlation between them. Testing for the statistical significance of the coefficient of correlation, it is discovered that PE = 0. 2549 and 6 PE = 1.529.

Since r_B is $\angle$. 30 and also less than 6 PE the correlation coefficient is not significant and infact, no evidence of correlation exists.

For the North Brewery Limited, the values of its contribution to social causes and its Return on Investment are also presented below.

TABLE 5

YEAR	CONTRIBUTION TO SOCIAL CAUSES (₦'000s)	CONTRIBUTION TO GOVERNMENT REVENUE (₦'000s)
1980	5	500
1981	5	500
1982	275	3,500
1983	5	1,500
1984	5	2,500
1985	5	3,500
1986	5	3,500

From the above, the coefficient of correlation between the organisations contribution to social causes and its contribution to government revenue denoted by r_B equals 0.4110. This shows a positive correlation

between contribution to social causes and contribution to government revenue for this company. Coming to the coefficient of Determination $r_B2 = (.411)^2 = 0.169$ and this shows a weak relationship between them. As to the statistical significance of this relationship, from Appendix B, PE = 0.212 and 6 PE = 1.2711. Since r_B $\angle$ 6PE, then the correlation between contribution to social causes and contribution to government revenue is also insignificant for this organisation. From the above, we can see that the PE is relatively very small and since r_B is $\angle$ .30, we conclude that the correlation is highly insignificant.

4.4. CONTRIBUTION TO GOVERNMENT REVENUE AND RETURN ON INVESTMENT:

The values of contribution to government revenue and the Return on Investment for John Holt Agricultural Engineers Limited between 1980 and 1986 are tabulated overleaf.

TABLE 6

YEAR	CONTRIBUTION TO GOVERNMENT REVENUE (₦'000s)	RETURN ON INVESTMENT (%)
1980	500	17.5
1981	500	17.5
1982	500	17.5
1983	500	12.5
1984	500	12.5
1985	500	12.5
1986	500	12.5

From Appendix C, for this organisation, the value r_C resulting from the correlation of its contribution to government revenue and Return on Investment = 0. Similarly, $r_C^2 = (0)^2 = 0$. This shows a total lack of strength in the relationship between contribution to government revenue and Return on Investment. Testing for the statistical significance of this relationship, from the Appendix, it is discovered that PE = 0.2549 and 6 PE = 1.529.

Since r_C is $\angle$ .30 and also less than 6PE the correlation is not significant and no such evidence of correlation exists.

In the case of the North Brewery Limited, the values of its contribution to government revenue and the Return on Investment as shown below are also analysed in the Appendix.

TABLE 7

YEAR	CONTRIBUTION TO GOVERNMENT REVENUE (₦'000s)	RETURN ON INVESTMENT (%)
1980	500	2,5
1981	500	7.5
1982	3,500	17.5
1983	1,500	2.5
1984	2,500	12.5
1985	3,500	20
1986	3,500	17.5%

From the table, the coefficient of correlation between this organisation's contribution to government

revenue and its level of effectiveness denoted by r_c equals to 0.911. (See Appendix C). This suggests a high positive correlation between them. The coefficient of Determination $r_c^2 = (0.911)^2 = 0.823$. This also shows a strong relationship between the two variables tested above. As regards the statistical significance of the relationship, PE is 0.045 and 6PE = 0.27. In this case, the coefficient of correlation is strong and is 6PE and we can thus conclude that, the correlation between contribution to government revenue and Return on Investment for this company is significant.

4.5. COMBINED EFFECTS OF VARIABLES:

As has been earlier stated, we are also interested in the $\mathcal{L}^{joint}$. impact of contribution to government revenue and contribution to social causes (independent variables) by an organisation on the one hand and the Return on Investment (dependent variable) on the other hand.

From the Appendix, this is done by using multiple correlation analysis.

Table 8 overleaf shows the level of contribution to social causes, contribution to government revenue and the

Return on Investment for John Holt Agricultural Engineers Limited.

Table 8

YEAR	SOCIAL CAUSES (₦'000s)	GOVERNMENT REVENUE ₦'000s)	RETURN ON INVESTMENT(%)
1980	5	500	17.5
1981	5	500	17.5
1982	5	500	17.5
1983	5	500	12.5
1984	30	500	12.5
1985	30	500	12.5
1986	30	500	12.5

From Appendix D, the multiple coefficient of correlation Rx3/x1x2 = 0.994 while the multiple coefficient of Determination R^2x3/ x1x2 = 0.988. Testing for the statistical significance of this relationship, PE = 0.0031 and 6 PE = 0.0186. In other words, the multiple correlation between contribution to social causes and contribution to government revenue on the one hand, and the Return on Investment on the other hand

for this organisation is significant. This is because Rx3/x1x2 → 6PE.

For the North Brewery Limited, the values of its contribution to social causes, government revenue and Return on Investment are as in Table 9.

Table 9

YEAR	SOCIAL CAUSES (₦'000s)	GOVERNMENT REVENUE (₦'000s)	RETURN ON INVESTMENT(%)
1980	5	500	2.5
1981	5	500	7.5
1982	275	500	17.5
1983	5	500	2.5
1984	5	500	12.5
1985	5	500	20
1986	5	500	17.5%

Also from Appendix D, the multiple coefficient of correlation Rx3/x1x2 = 0. 600 while the multiple coefficient of Determination R^2 x 3/ x1x2 = 0.360. Testing for the statistical significance of this relationship, PE is calculated to be equals 0.163 and 6 PE = 0.979.

We can deduce from this, that the multiple correlation coefficient between the contribution to social causes and contribution to government revenue on the one hand, and the Return on Investment on the other hand, is not significant for this organisation. This is so because R x 3/x1x2 $\angle$ 0.979 which is the value of 6 PE.

As regards the earlier mentioned aim of predicting an organisation's level of Effectiveness given its corporate plan for strategic choice, based on the analysis in the Appendix, the multiple regression equations for the two organisations were calculated. For John Holt Agricultural Engineers limited, this is given as:

$$X3/X1X2 = 17 - .15x1 + 0x2$$

Also for North Brewery Limited, the prediction equation is given as:

$$X3/x1x2 = .6834 - .0008x1 + .00489x2$$

Where X1 = Contribution to social causes

X2 = Contribution to government revenue and

X3 = Level of Effectiveness (ROI).

4.6. SUMMARY OF FINDINGS:

Bearing in mind the limitations of this study, and based on the analysis of the data used in the study, our hypothesis that, "Organisations that are socially responsible are more effective than those that are not" is rejected. This is because, the two variables representing social responsibility in this study - contribution to social causes and contribution to government revenue - are found to be insignificantly related to the organisations levels of effectiveness. Save for contribution to government revenue which is discovered to be significantly related to one of the organisations Return on Investment all others are insignificantly related.

As far as this study is concerned, one can therefore make bold to generalise that, the degree to which an organisation is socially responsible may not in any way be important to its level of effectiveness.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

As far as this study is concerned, based on the analysis of the data collected the following generalisations can be made:

1. An organisation's contribution to social causes of any kind may not affect the level of its effectiveness. This has been shown in the study since for both organisations used, there exist no significant relationship between contribution to social causes and organisational effectiveness.

For example, the coefficient of correlation between the levels of effectiveness and the contribution to social causes for the organisations are 0.3654 and - 0.75. These represents a weak positive and negative correlation respectively.

2. There is also no relationship whatsoever between an organisation's contribution to social causes and its contri bution to government revenue. From the study, for John Holt Agricultural Engineers Limited, the

correlation coefficient of zero shows a lack of significant relationship between these variables. Also, for North Brewery Limited, the coefficient of correlation of 0.411 shows that the two variables do not significantly influence one another.

3. The position of an organisations contribution to government revenue as it affects the organisation's level of effectiveness is indeterminate as far as this study is concerned. This is so because, for the North Brewery Limited the correlation coefficient of 0.911 shows a strong positive correlation while the zero correlation for John Holt Agricultural Engineers Limited represents a total lack of correlation.

4. As regards the joint impact of an organisation's contribution to social causes and contribution to government revenue on the one hand and the level of Effectiveness on the other, as far as this study is concerned, the position is also somewhat indeterminate. This is so because for John Holt Agricultural Engineers the coefficient of 0.994 is a high positive correlation, while the North Brewery correlation coefficient of 0.600 does not show a significant relationship.

It is important to stress that the limitations of this study also limit the generalisations made from the study.

5.2. RECOMMENDATIONS:

The following recommendations are put forward bearing in mind the limitation of the study:

On the basis of the findings of this study, one is tempted to quickly accept the position of the purists that the business of business should remain purely business. This position represents a very dangerous one as it could be termed to even mean that, business organisations should refuse to pay taxes to the government among other things. It is with this in mind that recommendations are formulated which may in spirit be regarded as mildly opposed to some of the findings of this study. The recommendations are therefore, based on the writer's observations of the role of business organisations and government in the country. The recommendations are in two sections and are made in respect of (i)business organisations (ii) Government.

SECTION ONE - BUSINESS ORGANISATIONS:

(1) As observed by Hargreaves and Dauman (1975), "Corporate social responsibility is gaining ground. The concern however is that, without a body of theory that relates this involvement to the mainstream of business and includes techniques for evaluation and measurement, this new activity may well go in the wrong direction, against the best interest of business itself and against those of society."[1] What business organisations need therefore, is a social programme. Such a programme should be developed to meet the challenges, of the corporate social responsibility concept. It is in this light that the situational model of making socially responsible decisions as developed by Petit, Thomas (1959), is recommended.[2] This model hinges on the general concept of social responsibility and implies that each case involving social responsibility be seperately analysed and a best-fit possible action taken. The situation model should in turn be used to determine whether the accomodating model, defensive strategy or the deceptive model is ideal for a situation.

2. There is also the need for businesses to establish and clearly define their focuses in dealing with the

social impacts of their operations. It is with respect to such focuses (also called business constituencies) that they should define their social responsibilities. The matrix developed by Ackerman and Bauer (1976), should be used for the purpose of defining the future role of businesses with respect to their relationship to these constituencies.[3] (See page 42).

3. Also, rather than see social responsibility advocates (idealists) as enemiesof business, business organisations should see social problems as business opportunities. As observed by Drucker, P.F. (1977) ,"it is not hostility to business that explains the demand for social responsibility. On the contrary it is the success of the business system that leads to new and, in many cases, exaggerated expectations. The demand for social responsibility is the price of success."[4]

As challenges a business organisation must turn the resolution of social problems into business opportunities through social innovations which serve to benefit and strengthen the company.

4. A recommendation put forward by Reginald, Jones (1979), and also shared by this writer is the need to develop managers of the future.[5] As a new concept in

management science, the future manager according to Jones, must have the concept of social responsibility as an important ingredient in his/her qualities. To such managers, who will have rich supplies of alert and preparedness to environmental changed and be fast thinking, flexible, aggressive and have appropriate visions into the future, relating their business responsibilities to the wider stream of human problems and experience will pose no difficulty.

5. Lastly, it is also important to stress that, while it may be necessary for business organisations to be responsive to social problems, there is alqo a need to establish a limit beyond which businesses must not go if the aim is not to encourage socially responsible but economically irresponsible business organisations. The limit should be set by such factors as:

(a) Competence: In which case, business organisations should define their competences and accept to be socially responsive only in regard to tasks for which they possess the competence to execute successfully, while striving to acquire the competence needed to manage its impacts in the other areas.

(b) Performance: Business organisations are also adviced to refuse social responsibilities beyond their areas of performance as doing so will amount to the highest level of social irresponsibility.

SECTION TWO

GOVERNMENT:

1. As has been earlier highlighted in this project, government and business in this country do not exist in water-tight seperation. This led to a case being advanced for government-corporate social responsibility and that, a major factor in encouraging business organisations to be socially responsive therefore, was for government to be socially responsible itself. Government should therefore, not only encourage but also respond to certain social needs perceived alone and at times in cooperation with business organisations. As rightly observed by Onipe, E.O. (1983), "any rooted negative attitudes towards government response to such social needs may end up in a loose battle for the company concerned. Moreover business managers understand administrative process very well and legislative process very poorly. The reverse holds for the politicians."[6]

2. The issue of government regulation of business activities is also an area where improvement is needed. It has been observed that, "at times the enforcement of certain government policies or programmes does not encourage business establishments to be socially responsive."[7] Similarly, the present economic recession does not encourage organisations to be socially responsible and the government urgently needs to do something about this as businesses operating far below capacity cannot in the least put social responsibility on their priority list. Regulations in the way of Environmental laws are also inadequate in this country. There is therefore, the need for government to regulate the activities of some business organisations particularly as regards the management of their impacts e.g. waste disposal/treatment.

However, government regulations must, "bear in mind the need to solve problems at the minimum cost and with the greatest benefit to public and business alike."[8]

It is hoped that these recommendations if adhered to will not only improve the performance of business organisations in their response to social problems but

also lead to improvement in their other spheres of activities. As observed by Petit, Thomas (1959), although, ".....making socially responsible decisions is more difficult technically than making profit maximizing decisions.....It can be done legitimately and effectively."[9]

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MBA II (Final Student,)
Dept. of Business Administration,
Ahmadu Bello University,
Kongo Campus,
Zaria.

17th August, 1988.

_____
_____
_____
_____

Dear Sir,

Please find attached a questionnaire in respect of a study on, "Corporate Social Responsibility and Organisational Effectiveness" in Organisations. This study is in partial fulfillment of the requirements for the award of the Masters in Business Administration Degree (M.B.A.).

Your organisation has been chosen as one of the objects of this study. In this respect, your assistance to fill in the answers to the issues raised in this questionnaire is sought.

The information supplied therein will only facilitate the researcher's effort in making the research worthwhile and would be treated in strict confidence and used for the academic purpose of research only.

Thank you for your kind assistance and response,

Yours sincerely,

Thompson

Sunday, Thompson Oludare

- This questionnaire is designed strictly for a research exercise into the concept of corporate social responsibility and organisational effectiveness.

- Your response will be used solely for academic purposes.

- Where the question requires open expression of opinion, please be brief.

- Please mark the appropriate box with a tick.

1. Which of the social causes below has your organisation contributed to? (Tick any one or a combination of the following):

   i) Education
   ii) Relief Fund
   iii) Arts and Culture
   iv) Urban decay
   v) Poverty
   vi) Improvements in churches, prison & mosques
   vii) Motherless baby homes
   viii) Hospital
   ix) Pollution control
   x) Others.....

2. Rank order the social causes that your organisation has contributed to:

   i) .....
   ii) .....
   iii) .....
   iv) .....
   v) .....
   vi) .....
   vii) .....
   viii) .....
   ix) .....
   x) .....

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...../2..

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ZARIA, NIGERIA.

3) Which problem(s) has your organisation been confronted with in an attempt to be socially responsible? (Tick any one or a combination of the following):

i) Problem(s) of choosing which social cause(s) to contribute to ☐

ii) Problem(s) of opposition from members of the organisation ☐

iii) Problem(s) of measurement (in terms of cost-benefit analysis in society) ☐

iv) Problems regarding the availability of funds ☐

v) Others: .....

4) Rank order those problems:

i) .....

ii) .....

iii) .....

iv) .....

v) .....

vi) .....

vii) .....

viii) .....

iv) .....

v) .....

5) Your organisation's planning horizon is (tick any one of the following:

i) 0 - 5 years ☐

ii) 5 - 10 years ☐

iii) 10 - 15 years ☐

iv) Over 15 years ☐

..../3..

6. From the following tick any one, for each of the years, that you consider to be the amount of money that your organisation committed to social causes:

	1980	1981	1982	1983	1984	1985	1986
i) 0 – ₦10,000	☐	☐	☐	☐	☐	☐	☐
ii) ₦10,000 – ₦50,000	☐	☐	☐	☐	☐	☐	☐
iii) ₦50,000 – ₦500,000	☐	☐	☐	☐	☐	☐	☐
iv) ₦500,000 – ₦100,000	☐	☐	☐	☐	☐	☐	☐
v) Over ₦100,000	☐	☐	☐	☐	☐	☐	☐

7. On the average, how much corporate income tax has your company paid to the government between 1980 and 1986?

	1980	1981	1982	1983	1984	1985	1986
i) 0 – ₦1,000,000	☐	☐	☐	☐	☐	☐	☐
ii) 1,000,000 – ₦2,000,000	☐	☐	☐	☐	☐	☐	☐
iii) 2,000,000 – ₦3,000,000	☐	☐	☐	☐	☐	☐	☐
iv) 3,000,000 – ₦4,000,000	☐	☐	☐	☐	☐	☐	☐
v) Over ₦4,000,000	☐	☐	☐	☐	☐	☐	☐

PART 'D'

ORGANISATIONAL EFFECTIVENESS

1. Which of the following do you use to determine the effectiveness of your organisation?

i) Market share ☐
ii) Return on Investment (ROI) ☐
iii) Net profit margin ☐
iv) Return on Assets ☐
v) Net Operating profit rate of return ☐
vi) Assets turnover Ratio ☐
vii) Profit growth Rate ☐
viii) Assets growth rate ☐
ix) Sales growth Rate ☐
x) Profit as a percentage of sales ☐

..../4..

2. Rank order these measures as used by your organisation:

i) .....
ii) .....
iii) .....
iv) .....
v) .....
vi) .....
vii) .....
viii) .....
iv) .....
v) .....

3. What is the Return on Investment of your organisation between 1980 and 1986? (Tick any one of the following):

	1980	1981	1982	1983	1984	1985	1986
i) 0 - 5%	☐	☐	☐	☐	☐	☐	☐
ii) 5 - 10%	☐	☐	☐	☐	☐	☐	☐
iii) 10 - 15%	☐	☐	☐	☐	☐	☐	☐
iv) 15 - 20%	☐	☐	☐	☐	☐	☐	☐
v) Over 20%	☐	☐	☐	☐	☐	☐	☐

4. From the point of view of the total market for the product(s) of your organisation, indicate by a tick for each of the years what you consider to be your market share:-

	1980	1981	1982	1983	1984	1985	1986
i) 0 - 10%	☐	☐	☐	☐	☐	☐	☐
ii) 10 - 20%	☐	☐	☐	☐	☐	☐	☐
iii) 20 - 30%	☐	☐	☐	☐	☐	☐	☐
iv) 30 - 50%	☐	☐	☐	☐	☐	☐	☐
v) Over 50%	☐	☐	☐	☐	☐	☐	☐

APPENDIX 2

(i) SIMPLE CORRELATION ANALYSIS

To calculate the coefficient of correlation r, the following formular was used:

$$r1x1x2 = \frac{n \lesssim X2X1 - \lesssim X2 \lesssim X1}{\sqrt{[n \lesssim X_2^2 - (\lesssim X2)^2][n X_1^2 - (X1)^2]}}$$

$$r2\ X1X3 = \frac{n \lesssim X3X1 - \lesssim X3 \lesssim X1}{\sqrt{[n \lesssim X_3^2 - (\lesssim X3)^2][n \lesssim X_1^2 - (\lesssim X1)^2]}}$$

$$r3\ x2x3 = \frac{n \lesssim x2x3 - \lesssim x3 \lesssim x2}{\sqrt{[n \lesssim x_2^2 - (\lesssim x2)^2][n \lesssim x_3^2 - (\lesssim x3)^2]}}$$

where:

ri (i = 1, 2, 3) = Pears on coefficient of correlation

r_i^2 = Correlation coefficient of Determination.

MULTIPLE CORRELATION AND REGRESSION ANALYSES:

(ii) MULTIPLE CORRELATION ANALYSIS:

This is calculated using:

(i) R^2 X3 /X1, X2 = $\frac{SSREG}{SSTO}$ (Multiple coefficient of Determination).

(ii) R3/X1, X2 = $\sqrt{\frac{SSREG}{SSTO}}$ (Multiple coefficient of correlation.)

Note: SSREG = SSTO - SSE

SSTO = $X_3^2 - \frac{(\Sigma X3)^2}{n}$

SSE = ΣX_3^2 - bo (Σ x3) - bi (Σ x1x3) - b2 (Σ x2x3)

SSREG, SSTO and SSE are all computer terms.

(iii) MULTIPLE REGRESSION ANALYSIS

As has been earlier stated, since it is desirable to find the combined effect of the two independent variables on the dependent variable, the independent variables have been duly labelled X1 and X2; and the dependent variable labelled X3.

Regressing X3 on the values of Xi (i = 1,2), the estimated prediction equation for the 3 variable case (social causes, revenue and ROI) are:

$$nbo + b1 \Sigma x1 + b2 \Sigma x2 = \Sigma x3$$
$$bo \Sigma x1 + b1 \Sigma x^2 1 + b2 \Sigma x1x2 = \Sigma x1x3$$
$$bo \Sigma x2 + b1 \Sigma x1x2 + b2 \Sigma x_2^2 = \Sigma x2x3$$

and the estimated prediction equation is given by

$$\hat{X3}/X1X2 = \hat{bo} + \hat{b1}x1 + \hat{b2}x2.$$

(iv) STATISTICAL SIGNIFICANCE TEST.

In testing for statistical significance, Karl Pearson's coefficient of correlation otherwise known as the Probable Error (PE) approach was favoured over the t - and Z tests. The PE was used in an attempt to determine the significance of the relationships amongst variables. The formular for calculating this error is given as:

$$PE = (0.6745) \left(\frac{1 - r^2}{\sqrt{n}}\right)$$

where: PE represents the probable error

0.6745 and 1 are constants

r2 is the coefficient of determination

n = number of paired observations.

Based on the results obtained from the test, the following rules were applied:

1. If r is less than the Probable Error (PE), there is no evidence of correlation.
2. If r exceeds the Probable Error six folds, correlation is significant. In other words, correlation exists with practical certainty.
3. If r is less than 0.30, and the Probable Error is relatively small, correlation need not be considered.
4. If r exceeds 0.50, and the Probable Error is relatively small, correlation is decidedly existing.

APPENDIX 3

1. Contribution to social causes, government revenue and Return on Investment figures of (i) North Brewery Limited.

YEAR	SOCIAL CAUSES (x1)		GOVERNMENT REVENUE(x2)		ROI(x3)
1980	5,000	(5)	500,000	(500)	2.5%
1981	5,000	(5)	500,000	(500)	7.5%
1982	275,000	(275)	3,500,000	(3,500)	17.5%
1983	5,000	(5)	1,500,000	(1,500)	2.5%
1984	5,000	(5)	2,500,000	(2,500)	12.5%
1985	5,000	(5)	3,500,000	(3,500)	20%
1986	5,000	(5)	3,500,000	(3,500)	17.5%

(ii) JOHN HOLT AGRICULTURAL ENGINEERS LIMITED, ZARIA.

YEAR	SOCIAL CAUSES(x1)		GOVERNMENT REVENUE(x2)		ROI(x3)
1980	5,000	(5)	500,000	(500)	17.5%
1981	5,000	(5)	500,000	(500)	17.5%
1982	5,000	(5)	500,000	(500)	17.5%
1983	5,000	(5)	500,000	(500)	12.5%
1984	30,000	(30)	500,000	(500)	12.5%
1985	30,000	(30)	500,000	(500)	12.5%
1986	30,000	(30)	500,000	(500)	12.5%

APPENDIX A

CONTRIBUTION TO SOCIAL CAUSES/ROI

JOHN HOLT AGRICULTURAL ENGINEERS LIMITED, ZARIA.

x1	x3	xi^2	$x3^2$	xix3
5	.175	25	.030625	.875
5	.175	25	.030625	.875
5	.175	25	.030625	. 875
5	.125	25	.015625	.625
30	.125	900	.015625	3.75
30	.125	900	.015625	3.75
30	.125	900	.015625	3.75
≤ 110	≤1.025	≤2800	≤.154375	≤14.5

$$rA = \frac{7(14.5) - (1.025)(110)}{\sqrt{[7(.154375) - (1.025)^2][7(2800) - (110)^2]}}$$

$$rA = \frac{101.5 - 112.75}{225} = \frac{-11.25}{15}$$

$$rA = -.75$$

$$rA^2 = (-.75)^2 = .5625$$

$$P.E. = (0.6745)\left(\frac{1 - .5625}{\sqrt{7}}\right)$$

$$= .6745 \quad \frac{(.4375)}{2.64575}$$

$$P.E = \underline{.1115}$$

$$6\ P.E = (.1115)(6) = \underline{.6692}$$

NORTH BREWERY LIMITED KANO.

Xi	X3	Xi^2	X_3^2	X1X3
5	.025	25	.000625	.125
5	.075	25	.005625	.375
275	.175	75625	.030625	48.125
5	.025	25	.000625	.125
5	.125	25	.015625	.625
5	.20	25	.04	1
5	.175	25	.030625	.875
Σ 305	Σ. 80	Σ75775	Σ.12375	Σ 51.25

$$rA = \frac{7\ (51.25) - (.80)\ (305)}{\sqrt{[7(.12375) - (.80)^2]\ [7\ (75775) - (305)^2]}}$$

$$rA = \frac{358.75 - 244.00}{\sqrt{98,961.75}} = \frac{114.75}{314.58}$$

$$rA = .3648$$

$$rA^2 = (.3648)^2 = .1331$$

$$PE = .6745 \left(\frac{(1 - .1331)}{\sqrt{7}}\right)$$

$$= .6745 \left(\frac{.8669}{2.64575}\right)$$

$$PE = .221$$

$$6PE = (.221)\ (6)$$

$$= 1.326$$

CONTRIBUTION TO SOCIAL CAUSES/GOVERNMENT REVENUE.

John Holt Agricultural Engineers Limited, Zaria.

Xi	X2	Xi^2	$X2^2$	X1X2
5	500	25	250,000	2,500
5	500	25	250,000	2,500
5	500	25	250,000	2,500
5	500	25	250,000	2,500
30	500	900	250,000	15000
30	500	900	250,000	15000
30	500	900	250,000	15000
₤110	₤3500	₤2800	₤1,750,000	₤55,000

$$rB = \frac{7(55,000) - (3500)(110)}{\sqrt{[7(1,750,000) - (3500)^2][7(2800) - (110)^2]}}$$

$$rB = \frac{385,000 - 385,000}{\sqrt{0}} = \frac{0}{0}$$

$$rB = 0$$

$$rB^2 = (0)^2 = 0$$

$$PE = .6745 \quad \frac{(1 - 0)}{(\sqrt{7})}$$

$$= .6745 \quad \frac{(1)}{(2.64575)}$$

$$PE = .2549$$

$$6PE = (.2549)\ (6)$$

$$= 1.529$$

NORTH BREWERY LIMITED KANO.

X_1	X_2	X_1^2	X_2^2	X_1X_2
5	500	25	250,000	2,500
5	500	25	250,000	2,500
275	3500	75625	12,250,000	962,500
5	1500	25	2,250,000	7,500
5	2500	25	6,250,000	12,500
5	3500	25	12,250,000	17,500
5	3500	25	12,250,000	17,500
₤305	₤15,500	₤75775	₤45,750,000	₤1,022,500

$$rB = \frac{7(1022500) - (15500)(305)}{\sqrt{[7(45,750,000) - (15500)^2][7(75775) - (305)^2]}}$$

$$rB = \frac{7,157,500 - 4,727,500}{34992000000000} = \frac{2,430,000}{5,915,403.621}$$

$$rB = .411$$

$$rB^2 = (.411)^2$$

$$= .169$$

$$PE = .6745 \frac{(1 - .169)}{(\sqrt{7})}$$

$$= .6745 \frac{(.831)}{(2.64575)}$$

$$= .212$$

$$6PE = (.212)(6)$$

$$= \underline{1.2711}$$

APPENDIX C

CONTRIBUTION TO GOVERNMENT REVENUE/ROI

John Holt Agricultural Engineers Limited.

X_2	X_3	X_2^2	X_3^2	X_2X_3
500	.175	250,000	.030625	87.5
500	.175	250,000	.030625	87.5
500	.175	250,000	.030625	87.5
500	.125	250,000	.015625	62.5
500	.125	250,000	.015625	62.5
500	.125	250,000	.015625	62.5
500	.125	250,000	.015625	62.5
£3500	£1.025	£1,750,000	£.154375	£512.5

$$rC = \frac{7(512.5) - (3500)(1.025)}{\sqrt{[7(1,750,000) - (3500)^2]\ [7(.154375) - (1.025)^2]}}$$

$$rC = \frac{3587.5 - 3587.5}{0} = \frac{0}{}$$

$$rC^2 = (0)^2 = 0$$

$$PE = .6745 \frac{(1 - 0)}{(\sqrt{7})}$$

$$= .6745 \frac{(1)}{(2.64575)}$$

$$PE = .2549$$

$$6PE = .2549(6)$$

$$= \underline{1.529}$$

NORTH BREWERY LIMITED KANO.

X2	X3	$X2^2$	$X3^2$	X2X3
500	.025	250,000	.000625	12.5
500	.075	250,000	.005625	37.5
3500	.175	12,250,000	.030625	612.5
1500	.025	2,250,000	.000625	37.5
2500	.125	6,250,000	.015625	312.5
3500	.20	12,250,000	.04	700
3500	.175	12,250,000	.030625	612.5
₹15,500	₹.80	₹45,750,000	₹.12375	₹2325

$$rC = \frac{7(2325) - (15500)(.80)}{\sqrt{[7(45,750,000) - 15500)^2][7(.12375) - (.80)^2]}}$$

$$rC = \frac{16275 - 12,400}{\sqrt{18,100,000}} \qquad = \frac{3875}{4254}$$

$$rC = \underline{.911}$$

$$rC^2 = (.911)^2 \quad = .829$$

$$PE = .6745 \ \frac{(1 - .829)}{\sqrt{7}}$$

$$= .6745 \ \frac{(.171)}{(2.64575)}$$

$$PE = .0436$$

$$6PE = .0436(6)$$

$$= \underline{.262}$$

APPENDIX D

John Holt Agricultural **Engineers, Limited**

X3	$X3^2$	X1	X2	$X1^2$	$X2^2$	X1X2	X1X3	X2X3
17.5	306.25	5	500	25	250,000	2500	87.5	8750
17.5	306.25	5	500	25	250,000	2500	87.5	8750
17.5	306.25	5	500	25	250,000	2500	87.5	8750
12.5	156.25	5	500	25	250,000	2500	62.5	6250
12.5	156.25	30	500	900	250,000	15000	375	6250
12.5	156.25	30	500	900	250,000	15000	375	6250
12.5	156.25	30	500	900	250,000	15000	375	6250
£102.5	£1543.75	£110	£3500	£2800	£1,750,000	£55,000	£1450	£5 1250

$\hat{X}3/X1X2 = \hat{b}o + \hat{b}1x1 + \hat{b}2x2.$

$nbo + b1\Sigma x1 + b2\Sigma x2 = \Sigma x3$

$bo\Sigma x1 + b1\Sigma x1^2 + b2\Sigma x1x2 = \Sigma x1x3$

$bo\Sigma x2 + b1\Sigma x1x2 + b2\Sigma x2^2 = \Sigma x2x3.$

Substituting values in the normal equation below:

$.007bo + .11bi + 3.5\ b2 = .1025$ .....(i)

$.11bo + 2.8b1 + 55b2 = 1.45$ .....(ii)

$35bo + 55b1 + 1750b2 = 51.25$.....(iii)

Solving simultaneously for the 3 unknowns; bo, bi and b2 the values of the unknowns are found to be:

$bo = 17$

$b1 = .15$

$b2 = 0$

$\therefore \hat{X}3/X1,X2 = 17 - .15x1 + 0x2$

The Multiple Correlation

$$R^2\ x3/x1\ x2 = 1.54375 - \left(\frac{.1025}{7}\right)^2$$

$$SSTO = 1.54375 - .0015008928$$

$$SSTO = 1.542249107$$

$$SSE = 1.54375 - (17 \times .1025) - (-.15 \times 1)$$

$$SSE = .01875$$

$$SSREG = SSTO - SSE$$

$$= 1.542249107 - .01875$$

$$SSREG = 1.523499107$$

The Coefficient of Correlation:

$$R^2x3/x1x2 = \frac{SSREG}{SSTO} = .987842431$$

$$Rx3/x1x2 = \sqrt{\frac{SSREG}{SSTO}} = .993902626$$

To Test for significance:

$$PE = (0.6745) \left(\frac{1 - .987842\ 431}{\sqrt{7}}\right) = .0030994146$$

$$6PE = (6)\ (.0030994146)$$

$$= .0185964\overline{87}$$

NORTH BREWERY LIMITED KANO.

X_3	X_3^2	X_1	X_2	X_1^2	X_2^2	X_1X_2	X_1X_3	X_2X_3
2.5	6.25	5	500	25	250,000	2,500	12.5	1,250
7.5	56.25	5	500	25	250,000	2,500	37.5	3,750
17.5	306.25	275	3500	75,625	12,250,000	962,500	4812.5	61,250
2.5	6.25	5	2500	25	2,250,000	7,500	12.5	3,150
12.5	156.25	5	2500	25	12,250,000	12,500	62.5	31,250
2	4	5	3500	25	12,250,000	17,500	10	70,000
17.5	306.25	5	3500	25	12,250,000	17,500	87.5	61,250
₤80	₤841.5	₤305	₤15500	₤75775	₤45,750,000	₤1,022,500	₤5125	₤232500

$\hat{X3/x1x2} = \hat{bo} + \hat{b1}x1 + \hat{b2}x2$

Substituting values in the normal equation:

$.007b0 + .305b1 + 15.5b2 = .08.....(i)$

$.305bo + 75.775b1 + 1022.5b2 = 5.125....(ii)$

$15.5bo + 1022.5b1 + 45750b2 = 232.5....(iii)$

Solving simultaneously for the 3 unknowns, bo, b1 and b2 the values of the unknowns are found to be:

$b0 = .683885812$

$b1 = -.0008122153$

$b2 = .0048684421$

$\therefore X^3/X1X2 = .683885812 - .0008122153X1 + .0048684421$

The Multiple Correlation

$R^2X3/X1X3 = .360285374$

$SSTO = .841 - \frac{(.08)^2}{7} = .840085714$

$SSE = .841 - (.6838852812 \times .08) - (-.0008122153 \times 1.45)$

$- (.0048684421 \times 51.25)$

$= .537960272 = .538$

SSREG = SSTO - SSE

. 841 - .538 = .303

The coefficient of correlation

$$R^2X3/X1X2 = \frac{SSREG}{SSTO} = \frac{.303}{.841} = .360285374$$

$$Rx3/x1x2 = \sqrt{\frac{SSREG}{SSTO}} = \sqrt{.360285374} = .600237765$$

Te test for significance:

$$PE = (0.6745)\ \frac{(1 - .3602)85374)}{(\sqrt{7})} = .163086951$$

6PE = (6) (.163086951)

= . 978521707