



Exploring the Roles of Business and Government in the Society

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ABSTRACT: *This research work analyzed the planned functions of firms and the government on issues of corporate social responsibility to the society. The study draws from scholarly works to explain the relationship among the three key players of the economy. The role of government and business was examined in reference to their impacts on the society. The specific situation was discussed, as the study discovered that the role of business and government is taking a new dimension. The Nigeria situation was discussed as it was discovered that Corporate Social Responsibility by the organizations and the government is gradually taking a new shape. Recommendation was made that business and the Nigeria government is expected to be active in Corporate Social Responsibility practices and programmes which should be inclusive, as this will improve environmental welfare, safety initiatives, enhance community growth in all aspect.*

Keywords: Business, Government, Society and Corporate Social Responsibility.

INTRODUCTION

The discussion of Corporate Social Responsibility has occupied academic space in recent time because it has become major part of firms and government compulsory role; by being included in yearly budgets. Aminu, Harashid, and Azlan (2015), stress that the CSR growth occurred over hundred years ago. And that CSR concept were suggested in 1953 (Bowen) as a business process to protect the public, self and avoid the influence of the government. Further the rationale for CSR practices was birthed by firms in 18th century in America purposely to protect public interest. By the 19th century, CSR orientation change where both the public and private sectors became part of the social drives. This shift formed the individual interests in the concept of CSR. Therefore Carroll, (2008) expressed that CSR idea at the early stage was basically centered on corporate financial aid. This period was characterized with only few actions for social welfare. Frederick (2006) concisely states that CSR as at 1950's has three basic assumptions;

1. Corporate directors are merely chosen as representatives of the public;
2. No stability between firms resources and the interest of the stakeholders and
3. CSR practices were seen as voluntary practices.

From that era individual scholars were interested in looking at CSR from perspective of financial performance (Brammer & Millington, 2008; Ruf, *et. al*, 2001; Surroca, *et. al*, 2009). This focus has been negated because the various CSR conceptual review and empirical studies have changed the CSR orientation across nations and firms. This infers in recent times CSR has been tagged the principle "doing good to do well (Rosamaria & Robert, 2011)

The Concept of Corporate Social Responsibility.

Kuye, Ogundele and Alaneme, (2013), posit that the conceptualization of roles reinforce the idea that business and government inclusive are both part of progress and solution of a



society. Traditionally, government's foremost duty is to ensure that suitable communal, policies and framework are designed. The business world generally bore the responsibility for the constantly increasing number of trans-boundary transactions within and outside a nation. While society focal expectations involve consistent growth and people's security against injustices. As a result, there are all the social parties to collaboratively work together for common good. Based on this, business and government roles are visible in developed world than developing economy and there is much wider consensus that both business and the government are a force for the good of the society. By implication corporate and social governance traditionally contribute to the inclusive growth of the developed world than in less developed ones primarily through policy decisions, business activities, philanthropy or corporate social responsibility.

For example today, there is less impacts of business, and government in the Nigeria society despite been one of the biggest global sellers of crude oil. Nigeria has been listed as part of the poorest countries across the different continent of the world due to weak business, and government impacts in the society. This informed the World Bank in 2001 to indicate strategies that nations can employ to reduce poverty which are to boost possibility through support for investment and infrastructure. These must be the key responsibility of government and business role in any economy of the world. This suggests the need for governance accountability in the implementation of CSR programmes. The basis for incorporating sensitivity of implementation is the global shift from 'Commercial enterprise Age' into the 'Content Age/Society. The world today is knowledge driven based on the availability of information across the world. This knowledge has brought scientific advancement in recent times (Johnson, Esther, Temitope, Appah, Ezeudu & Aghama, 2014).

The word society represents where people are largely in different status in a nation with the ability to use information. Also, Johnson, *et. al.* (2014) stress that a society represent where resource are used economically, and where people have the ability to use resources effectively and at the same time produce goods and services. A society is characterized with absolute creation and distribution of resources including shared knowledge and information connecting to the global environment. (Dike 2007 as cited by Johnson, *et. al.* (2014) stress that for any business and government to voyage well in this global environment there is need to get abreast with information. The concept of relationship among the key social actors involves mutual obligation to improve the state of the citizenry, which will positively affect coming generations (Kryk, 2000 as cited by Johnson, *et. al.* 2014). Therefore this study is necessitated against the background of efficient roles of the Government and business both in developed and the developing economy of the world. In reality the relationship among business, society, and the government in the developed economies are interconnected. In Nigeria looking at corporate partnership among business, society, and the government particularly in the areas of CSR calls for intervention. For example the World Business Council for Sustainable Development (1999) stress that CSR practices involves uninterrupted allegiance by firms and the government to act responsibly to positive growth of people welfare. Ernst and Young



(2013) as cited by Raluca (2014) research shows that firms in Romania directs 79% of their CSR practices to educational programs, health shared about 56%, social cases took 68% , while 58% are invested creating environmental protection. The same way as at 2013 the CSR programs recorded in Romania has an average of 108% with about 13.7% CSR projects in that country. Similarly, Sacconi (2010) points out that CSR is strategic aspect of firm's collective administration that involves all the internal stakeholders to behave responsibly to the society. In particular, it was assumed that CSR positively suggest an excellent view to business. This why Reputation Institute (2013) study states that CSR potentially improves firm's image increase sales, and ultimately leads to 40% of an organization honour. Maignan, *et. al.* (1999) concludes that internal and external CSR programs and initiatives are positive avenues for firm's benefits to experience growth. Based on the CSR empirical advantage, different roles of each economic player are discussed below;

The Concept and Activity of Government.

The existing relationship among the key actors of the society has both affirmative and perverse dimensions in what is regarded as "the public good" (Alfredo, 2011). Therefore, a close examination of this relationship is fundamental; the government represents the key players of any society in both improved and developed society across the world. This implies government's responsibility involves ensuring the environments that is conducive for the businesses to thrives, accountability and been transparent. Okinawa 2004, as cited by Johnson, *et. al.* 2014) stressed that governments need to create an inevitable, lucid and non-partial environment that drives the society. By implication for government roles involves making the society better for investment and shared knowledge to achieve full development and effective social order through the provision of certain social factors as discussed below;

i. Structure improvement.

In recent times what drives the social environment is ICT which is considered as weapon for improved society. According to Sarocco (2005), technological development has Information Communication Technologies have altered the ways and changed most economies and the interaction of the people globally. Based on this Johnson, *et. al.* (2014), indicate the need for government of a nation to encourage the use of ICT across a nation where appropriate. Also, there is need for government to implement a comprehensive, sustainable national strategies that will assist business sector' competitiveness in the global environment. There is indication that most developing nations like Nigeria are still in the dark based on the lack of good structure (ICT) in areas where most citizen resides. Also the role of the government is ensuring that ICT and the telecommunication services are accessible on low-cost for the citizen of the country. This is the essential roles of the government globally as measure to improve lives of its citizenry. Therefore to experience rapid improvement of the society, through essential services like ICT road and the telecom services are the role of the government.

ii. Creation of an enabling environment.

It is imperative for the government of any nation to ensure the creation of enabling environment this will foster economic activities and at the same time protect the markets



and private sectors. Similarly, there is need for the government to have restriction policy through imposing tariffs on products imported to fostering the development of local manufacturers. Besides, the Government is expected to build infrastructures that support the operations of businesses in Nigeria. There is a need for negotiable and passive standard that will drive creativity in both the private and public sectors. This measure could lead to the rapid diffusion of ICTs and passive investment for appropriate and expected improvement of the Nigeria society. The same way government role involves the development appropriate policies that favour mobilization of new resources, transfer of technology, knowledge and best practices.

iii. Local Content Development.

There is need to foster local content policy of the government because this is key to the improvement of the society and the growth of ICT. This can take place only when Government is involved in driving the policy framework that supports local content programmes. For instance, in Nigeria the need for local software and hardware in ICT is fundamental. There is need to reduce reliance on foreign firms. Also the country is one with diversity of tribes and languages as such Government needs to ensure that all content production are encapsulated in the country major languages. Therefore the government is expected to promote the use of local materials, experts, languages and all the creative efforts in all sectors to promote as well as develop and system that reflect local cultural characteristics.

iv. The right to free of expression by the Citizen.

The role of the government involves making sure that a society have the ability to expression their of opinion and have access to information. This is imperative because the role of the government is to protect the right of the people regardless of where they found themselves; this indicates that all channels of information right needs to be protected. In effects the Article 19 of the United Nations Universal Declaration of Human Rights stated that in a society the right of everyone is key because they must be allowed to air their opinion and express; concerns without any prejudices. However, the Nigeria leadership since the new democratic era appears to be on the right path towards free expression and protection of rights by passing of freedom of information Act into law in 2011.

v. Protection of intellectual property rights

There is need to protect intellectual rights of those whose creativity has been stolen, while those with ideas needs legislation from the government to ensure that their rights are not infringed upon. Also the Government is expected to the privacy and the security of personal data, are duly protected against social thieves. This essentially will enshrined the confidence of the citizenry on the government. By implication, the strategic plan of the government needs to involve encouraging participation of the various institutions and agencies in the protection of the private individuals. There is need for suitable legislation to really build on the existing private laws scrap cyber-crime facing ICT efficiency in Nigeria. This legislation will boost IT accompanying initiatives, business relation and spread of new technical ability. Based on this, the roles of government is crucial and fundamental, as this will enable other players like the business sector in the economy to be actively involved in solving part of the society concerns as discussed below;



Business Sector

The position of Donaldson and Preston, (1995) stress that organizations' in the world to are affected by the activities of people and various stakeholders. These stakeholders represent those whose roles directly or indirectly (customers, suppliers, employees, owners, creditors, and local communities) affect the operations of the business success (Post, *et al*, 1999). For example, business organisation can be part of infrastructural development in terms of roads, and ICT provision in the society. Johnson, *et. al.* (2014) confirmed that in Nigeria there are currently a number of business organizations who are national business that are equally impacting the Nigeria environment through ICT and the production of personal computers laptops and UPS, (Zinox Technologies Limited, BETA Computers Limited Omatek Ventures and Unitec Computers). These firms played significant roles in promoting and sponsoring training programs in research, and technological development across different sectors of Nigeria. Also the new dispensations of democratic practices ushered in telecommunication making Nigeria have that connectivity. Since then the industry has experience impressive development in terms of infrastructure and patronage. The telecommunication sector is adjudge to have experienced annual growth, recently network connections for data services; growing population makes the telecommunication sector market become highly competitive, with market share spread of 36.04% (MTN), 26.31% (Glabacom), 25.67% (Airtel) and 11.69% (Etisalat now gmobile), CDMA 0.17%, Multilinks 0%, Visafone 0.17%, fixed wire 0.08%, IPNX 0%, MTN fixed 0%, 21cent 0.06%, GLO fixed 0.01%, VOIP 0.05%, SMLE 0.05% and NTEL 0% in the fourth quarter of 2018 (NCC, 2018). With impressive development of network technologies, latest communications infrastructures involving the use of Internet, wireless networks and efficient data services to targeted consumers. Besides the role of businesses today involves that of shared value concept, which represents the ability to create value a nation through innovation for inclusive stakeholder's benefits. In this way, shared value bothers on creating additional benefits delivered continuously to the society. Beyond that CSR are expected to transcend shareholders wealth maximization (Waddock, 2008). Further state that organisations are expected to be socially responsible in the following manner;

- a. Support social improvement.
- b. Been accountable.
- c. Have a strong and strategic relationship with partners.
- d. Ensures the people's rights are protected.
- e. Strict adherence to global practices on CSR.
- f. Follow ethical procedures.

Corporate Social Responsibility initiatives of Business and Government Roles

The 21st global business practices have witnessed a great deal of change regarding firm's CSR practices. This infers that businesses are using CSR to strategically position themselves favourably in the market. Beyond that firms and the government have seen CSR as a strategic approach involves going beyond normal business and governance responsibility to making impacts on the society through daily decision-making process. In



particular, the impacts are based on creating a symbiotic relationship through effective interaction with stakeholders (employees, suppliers, customers and the immediate communities). Also in recent times the actions of firms and the government towards the production of green products, has made CSR crossed the line from been business slang to becoming a critical business function creating stakeholders values. Therefore CSR practices require firms and the government been responsible in terms of:

- The production of quality and standard products that is societal friendly. (meet consumers' expectations).
- To have a business practice that considers fair prices, as enshrined in business regulatory framework.
- To support employee's welfare, by creating a safe and healthy, work environment and having business policies that will create value for external shareholders.
- To avoid environmental pollution by promoting safety of the wider public and workforce during operation, inclusive of product ease of disposal or possible recycling process.

Therefore it is imperative for firms and the government to fulfill its CSR responsibility as rightly espoused by Haapala and Aavaveri (2008) that moral actions of firms and the government driven by CSR possibly will create competitive edge. This infers that ethical obligations through CSR creates values for external and internal stakeholders provides a positive perception, citizen trust, increase in profit, customers loyalty and productivity of a business. Otherwise unethical and CSR practices will lead to loss of reputation from employees, investors and the trust of consumers. In this context, a CSR investigation was carried out by MORI in Europe in 2000 within consumers in 12 European countries, the survey findings are that 70% of consumers and citizen believed CSR is an imperative aspect, the influences their country perception and choice of products. The value of CSR initiatives of Business and Government Corporate Social Responsibility can be viewed from the Tipple Bottom Line model by Elkington in his article in the California Management Review to explain "win-win-win" business strategies whenever an organization engage in Corporate social responsibility (Elkington, 1994). The Tipple Bottom Line model focuses on three aspects namely economic, ecological and social. Though complex however the relevance of tipple bottom line model is relevant to the organisations and government because of its possibility to increase environmental responsibility, social equity and economic performance. These values are s

- **Economic Values**

In view of the model the economic benefits of implementing corporate social responsibility by Gloria Charles Couture (GCC) involves making economic values through cost savings, business growth, research and development amongst others. The cost saving will be in terms of input advantage and cost benefit on the other hand Gloria Charles Couture (GCC) will be able to enshrine business ethics, fair trade and worker rights that reflects on the business profit maximization and accountability.

- **Social Value**

The social values derive from been socially responsible involve portray a positive image about an organisation. As such the perception of the society is that such organisation



actions will contribute to the welfare and the sustainability of the environment (Uddin, Hassan, Tarique, 2008). As a result the implementation of Social aspect using triple bottom line model assist organisations to contribute to improving society standard of living, and provision of educational materials. As well providing support in terms of publicity and campaign against some vices (health hazard, and moral discipline) to the society. The benefits involve enhanced reputation, and this will make the organization to be seen as human rights compliance, integrity and a socially responsible organization that supports the welfare of the society.

- **Environmental Values**

The environmental benefits fundamentally is seen as the cornerstone of CSR, the reason is that focus on environmental sustainability advance governance realities (Uddin, Hassan, Tarique, 2008). The European Union initiatives on environment suggest standard ISO 26000. These standards are guidelines to ensure that most firms and the government stay with true principle of CSR. The growth expressed fundamental direction for nations and global firms to act with the ambient of social responsibility (SR), initiatives. The implementation of corporate Social Responsibility (CSR) involves the effective utilization of resources (human and non-human), and prevention of pollution such as air, water, land and waste. The implication are that organization will cautiously utilize energy and resources thus reducing production waste before disposal in its locality and as well educate the community on this. Therefore environment bestow the relevance of efficient approaches to reduce noticeable damages to the society business practices. Therefore triple bottom line is believed to be a strategic wheel of organization to increase society values and meet targeted audience needs. This infers corporate social responsibility effective practices leads to profitability, shareholder values and create social, human and environmental benefits. Therefore there is need for the two key actors of the economy Government and business to ensure societal obligation brings about the needed sustainability and improvement in social welfare.

CSR within the Context of Normative Stakeholder Theory.

i. Classical view theory

This theory emphasized on the conventional approach of avoiding CSR purposely to maximize profits for the stakeholders. Friedman (1970) expound and support this theory that the major role of the firm is returns on investment and to maximize profit while still taking care of social welfare no more and no less. This theory is seen in the light of supporting the capitalist idea due to sole focus on profits only and maximization shareholders wealth within the law (Falck & Heblich, 2007).

ii. Stakeholder theory.

The stakeholder's theory looks beyond the idea of only financial objectives to the protection of public rights (Mitchell, *et al*, 1997). The theory is basically is premised on three assumptions which are descriptive, instrumental, and normative. The descriptive indicates the need to have strong communication with stakeholders, the normative advocates for incorporating welfare for stakeholders, and instrumental believes in strategic relationship with various stakeholders and firms performance (Donaldson &



Preston, 1995). These theories are key understanding firms and stakeholders relationship, but satisfying all stakeholders remains a fundamental issues (Mele, 2008).

Challenges of Business and Government in Nigeria Society.

Kuye, *et.al.* (2013) indicate that the following listed factors affect business and government to make impacts on the society:

- The dearth of social facilities that would create a link to development of the society.
- Poor weak institutional policies on information technology.
- Weak laws that could support enforcing CSR programs across Nations like Nigeria.
- The state of insecurity eg. the issue of Boko Haram menace, Kidnapping etc has made Nigeria an unfavourable investment climate.
- Lack of implementation of local content programs.
- Africa nations (Nigeria inclusive) reliance on imports or investors. This has makes most firm to take advantage of the local environment.

CONCLUSION

The review of studies indicates that business and government are fundamental to the development of any economy. However, across Africa Nations unlike the European countries, the government should realize that there are some nationwide actions that violate the culture of social responsibility. Going forward, it is important to understand CSR create positive perceptions before the public and support global discuss of creating green environment that devoid of harmful activities. There are developments as to CSR practices, yet more needs to be done and strengthen improvement in social welfare of the people across the Nations. To make this a reality inevitable relationship needs to exist among business, society for evident effects on the society. Based on the foregoing, the following recommendations were made:

RECOMMENDATIONS

The paper recommends the following just to mention a few:

- The production of quality products, and standard that is societal friendly.
- Having marketing practices that involves fair prices true advertising message contents.
- Having employee services that takes care of employee's welfare. Including creating a safe and healthy, work environment policies, and medical facilities.
- To avoid environmental pollution that suggests ease of disposal or possible recycling process.
- Government needs to be decisive by having appropriate policies and strategies, that enhances its social role, while private business owners essentially should promote society welfare etc.
- Government and businesses CSR should be inclusive, as this will improve environmental welfare, safety initiatives, enhance community growth.



- Business should be committed to social innovations towards solving public needs and concerns.

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