

# Corporate Social Responsibility And Organisational Productivity Influence On Quality Of Service Rendered By Rite Food Nigeria Limited

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*Abstract: In view of growing awareness and need for businesses to spur quality of services rendered to the organisation, there is need for firms to be responsible to their communities of operations. This need becomes important as it is believed that businesses exist in an operating environment and therefore, should give something in return back to the society. This study examines whether or not corporate social responsibility influences organisational productivity and in turn enhance the quality of service provided by RITE Food Nigeria Limited (RFNL). The paper recognizes the importance of critical success factors of corporate social responsibility to organizational productivity, as an instrument for measuring quality of services rendered. Perceptual data on the influence of corporate social responsibility on organisational productivity that influence quality of services offered were collected from 11 staff of RFNL, Lagos branch and 97 customers of the firm residing in 3 states through questionnaire survey. The study data were analysed through ordinary least square regression (OLS). Findings indicate that corporate social responsibility improves organisational performance and productivity of the company involved. Moreover, the study discovered that the involvements of the firm in corporate social responsibility activities influenced the demand to improve quality of services rendered to beneficiaries. The study recommends that corporate managers should embrace the practice of corporate social responsibility as a means of improving organisational productivity and quality of service. Finally, the study suggests that management should encourage business practices that are beneficial to the organisation and its operating communities' overall development.*

## I. INTRODUCTION

Quality, in today's world goes beyond the supposition that businesses could achieve better performance if they device quality practices, rather, it has become a value that makes it impossible for businesses to survive and consequently continue its existence if not implemented. Succinctly put, it has become a necessity for businesses to deliberately embed quality into their business processes beyond circumstantial decisions. Adetunji (2016), on issues of quality, maintained that quality goes beyond mere discussion without proper application of the concepts. He submits that businesses should attach importance to the quality

phenomenon in order to survive within the competitive market structure, since quality can never be achieved without the adoption of both internal and external shareholders. In view of this, companies are increasingly focusing on managing how internal and external stakeholders perceive and react to their businesses through involvement in Corporate Social Responsibility that can enhance quality of services rendered.

Corporate social responsibility is a company's discretionary actions, policies, and programs that appear to advance societal well-being in ways that extend beyond its immediate financial interests and the requirements of the law (Alafi & Al Sufy, 2012). In a debate by Aguinis (2011), he opines that corporate social responsibility initiatives are

usually designed to take into account stakeholder expectations about the triple bottom line of economic, social, and environmental performance. This is in agreement with the submissions of quality management experts elucidated in Adetunji (2016) which maintains that quality can never be accepted without adoption of both internal and external stakeholders.

Barnett and Salomon (2012) in their recent stakeholder theory argue that the better a firm manages its relationships with its stakeholders; the more successful it will be over time. Adetunji (2016) upholds that all stakeholders can potentially affect firm performance, even if the mechanisms differ between CSR and quality. Delmas and Toel (2008) listed market constituents stakeholders as employees, customers, suppliers, creditors all of whom that can directly trigger a shortfall in economic rents by making unfavourable economic choices. Non-market constituents such as the general public, the media, NGOs and many more, indirectly exert their influences by conveying information on how to develop and improve productivity. (Alafi & Al-Sufy, 2012). In spite of the different transmission mechanisms, the dissatisfaction of any stakeholder group can potentially affect economic rents and even compromise a company's future (Brettel & Arendt, 2010). In effect, corporate socially responsible action is increasingly argued to be a prerequisite for protecting the bottom line and boosting shareholder value (Epstein & Rejc-Buhovac, 2014).

Still on quality attainment, Adetunji (2016) established and listed stakeholders as: employees of the organisation, who takes responsibility for the services and ensures quality is delivered; the business proprietors; general public that receives the services rendered and the governmental bodies who makes rules and regulates the affairs of the organisation. Unequivocally, similarity exists between who a stakeholder is in the explanation of CSR and quality. Therefore, the assumptions that CSR improves activities of a business, as well as influence quality of services render needs further investigating. Thus, this paper aims to investigate a relationship between corporate social responsibility and organizational productivities (OP) on quality service rendered by RITE Food Nigeria limited.

## II. RESEARCH

Organization according to Carroll and Shabana (2010) is a social entity whose goal is directed, purposely structured activity systems with an explanation boundary, while CSR is being used today to establish good rapport with the public according to Setiawan and Darmawan (2011). In addition, Pollack (2008); Ahmed, Islam and Hasan (2012) were of the view that CSR is a crucial step towards achieving sustainable global economy. Pollack also asserts that CSR enhances corporate accountability, builds trust, creates transparency, improves internal management, drives greater innovation and decision-making processes, gives competitive advantage and reduces compliance costs. Okwemba, Chitiavi, Egessa, Douglas and Musiega (2014) likewise argued that corporate social responsibility is a multifaceted complex phenomenon involving a set of actions which are expected to affect

significantly cost structures and workers participation to productive activity. In a similar vein, Agarwal and Adjirackor (2016) postulated that productivity is about how well people are able to combine resources (such as raw materials, labour, skills, capital, equipment, land, intellectual property, managerial capability) and financial capital to produce goods and services.

Developing a valid instrument for quality management practices which can be used in multiple countries will be helpful for practical and academic perspectives. In addition, the literature review promises to expose a lack of research with regard to some critical factors of Quality Management practices. Therefore, the current research proposes a holistic framework for Quality Management practices based on an extensive review of the factors that contribute to the success Quality Management practices.

This present study attempts to make the following contributions: Fill the gap in literature on the relationship between QMPs and organizational productivity. Provide empirical evidence that quality of services rendered contributed to organisational productivity of RITE Food Nigeria Limited. Development of the link between quality management and organizational productivity through the complementation of the empirical results about these issues in the manufacturing sector in Nigeria. Test and validate developed valid scales for quality management practices but in the Nigerian context. To provide a set of valid and reliable operational measurement stream of quality management in line with provision of corporate social responsibility suitable for Nigeria.

In view of the varied definitions of corporate social responsibility, perceptions of corporate social responsibility also vary considerably among companies, managers and ordinary people (Lau, Hulpke, To, & Kelly, 2007). Yet, some consensus appears to be emerging in literature regarding corporate social responsibility. One common theme behind corporate social responsibility writings is that managers should focus on multi-stakeholders' welfare instead of concentrating only on maximising the wealth of the shareholders (Becchetti & Trovato, 2011). Stakeholders include 'groups or individuals who benefit from or are harmed by corporate action' (Mele, 2008). Therefore, stakeholder groups are wider than shareholder groups, which only include the providers of equity for the company. Another common theme is the key areas of corporate social responsibility; these include the economic, environmental and societal pillar (Epstein & Rejc-Buhovac, 2014; Skare & Golja, 2012).

Lee and Shin (2010), in a debate claimed that companies engage in corporate social responsibility activities for several purposes, these purposes range from pure humanity (actions taken for a society without any direct payback to better the world) to compliance with established demands from clear return benefits such as financial gains, stronger reputation and the external environment. Barnett and Salomon (2006) recapitulated that involvement in corporate social responsibility benefits a company in the following ways; it is an important source of competitive advantage, easier to attract resources, easier to market products and services, create unforeseen opportunities; and. obtain quality employees. Similarly, Weber (2008) identified potential benefits of

corporate social responsibility for companies, such as increased revenue from higher sales and market share with a positive effects on a company's image and reputation; cost savings and reduction of associated risk, with a positive effect on employees' motivation, retention and recruitment. While the above-mentioned benefits are realised at the firm level, corporate social responsibility also has macro level. Skare and Golja (2014) found that a bigger share of socially responsible firms in an economy is related to higher economic growth. Thus, Corporate social responsibility is also a significant determinant of economic growth at the level of an economy (Ahmed, Islam & Hasan, 2012).

### III. METHODOLOGY

The study population comprises of employees and customers of RFNL. The total number of staff of the firm under study were 110 and the study adopts Roscoe (1975) 10% rule of thumb for the sample size determination which states that, 10% of a study's population can serve as a study sample size determinant which means 10% of a study's population is suitable for a study sample size. The study purposively selected 11 respondents from the target population who are staff of the firm under study at firm's head office in Lagos. The selection was based on the employees' recent involvement in the company's CSR activities. Whereas the population of members of the community of operations (customers) is unknown therefore, the study adopt a hypothetical sample in line with the view of Attewee and Rule (1991) which stated that, an hypothetical sample may be used for an unknown population. Thus on the basis of this authority, 40 respondents were selected from each of the 3 states under consideration (Oyo, Osun and Ogun). The 3 states were purposively selected because majority of the RITE Food Nigeria Limited dealers and agents concentrate more in these areas, as the hub of events and activities in the Southwest. Dealers and agents/major distributors in the states were selected based on the highest volume of purchases as shown in the Head Office sales record.

Specifically, close ended questionnaire was used to collect primary data in order to streamline responses for analysis. A combination of purposive and random sampling technique was used in selecting the target participants who are employees and customer of RITE Food Nigeria Limited (where random technique picked agent with less volume purchases then purposive is used to pick next to target agent). The target set by this paper for agents are those who purchase 10000 units or more weekly or 40,000 or more units monthly. A total of 120 copies of questionnaire were administered to customers while 97 copies were completed and returned. While all 11 copies of questionnaire administered to the RITE Food Nigeria Limited employees were returned.

The variables of interest in this study, corporate social responsibility and organisational productivity, were measured through regression analysis. CRS is the independent variable, while organisational productivity is the dependent variable. Data obtained were analysed using the ordinary least square regression (OLS) model. CSR in the course of this study was operationalised through its influence on quality of services

rendered while organisational productivity was operationalised based on improvement in quality of goods and services.

### IV. DATA PRESENTATION AND ANALYSIS

11 respondents who were employees of Rite Food Nigeria Limited gave an affirmative yes to the questions 'was corporate social responsibility part of your organisational policy and were you well informed about the corporate social responsibility policies and how it relates your duties?' This apparently indicates that RFNL incorporates corporate social responsibility activities into its organisational policy. The data collected also shows that all 11 (100%) respondents who represent member of staff RITE responded yes to the second question, the second questionnaire item 'does corporate social responsibility has any effect on the firm's operation?' The implication of these responses is that the involvement of RITE Food Nigeria Ltd in corporate social responsibility activity has effect on the operations of the firm. Respondents further expressed that during the firm's visit to a local area in Lagos in an attempt to implement corporate social responsibility, there was positive feedback on their products and services. The next question was 'how well are you informed about the company corporate social responsibility before it is embarked on'. The answer report indicates that 10 (90.9%) respondents maintained that RITE Food Nigeria invites some members of the neighbouring community for consultation on matters relating to corporate social responsibility, while 1 (9.1%) respondent responded No to this questionnaire item. Majority of the responses to this question indicates that RITE Food Nigeria invites some members of host community for consultation on matters relating to corporate social responsibility affecting their communities before taking decision on what to do. With this response it is evidence that RITE Food Nigeria is interested in meeting the direct need of it operating community.

Furthermore, the findings shows that 10 (90.9%) of the respondents agreed that the improvement in their firm's productivity is as a results of involvements in corporate social responsibility activities, while 1 (9.1%) respondent disagreed with this position. The single respondent is of the view that the company's image is more important than the CSR. The debate raise here 'is the company image not an influencing factor for productivity?' More so, it is revealed from the findings that all the 11 respondents which represent 10% of the total respondents maintained that RFNL's corporate social responsibility initiatives have positively affected the hosting communities as well as the productivity of the firm. For the responses of communities members and customers, the data gathered shows that 38 customers (39.2%) of the respondents expressed that the execution of corporate social responsibility programmes of RFNL had impact on the well-being of member communities as well as customers trading with the company, where the firm operates, while 59 customers (60.8%) of the respondents disagreed with this position. Thus, it can be concluded that corporate social responsibility programmes of RITE food have impacted on the well-being of the communities and improve income of their customers.

Furthermore, the data gathered indicates that 75 (77.3%) of the respondents (Customers) concurred that the involvement of RITE Food in corporate social responsibility activities have been beneficial to the organisation and to members of the host communities, while 22 (22.7%) of the respondents (Customers) did not agree with this position, the implication of this assertion is that majority of the host communities are benefiting directly from RITE Food's corporate social responsibility activities. All employees agreed with the position corporate social responsibility activities have been beneficial to the organisation and to members of the host communities

TESTING HYPOTHESES

HO: Corporate social responsibility activities do not improve RITE Food productivity.

Model	R	R Square	Adjusted R Squared	Std. Error of the Estimate	Durbin Watson
1	.922	.914	.903	.519	1.631

Source: SPSS output 2018

Table 1: Model Summary

The model summary in table above shows that 91.4 of variation in the dependent variable (productivity of Rite Food) were explained by the explanatory variable (corporate social responsibility activities). The result means that the model was of good fit. The proportion unexplained (0.086 %) was due to error which is considered minimal. The value of Durbin Watson statistics (1.631) used to test for serial correlation in the error term in the model. This is because the estimated value (1.631) is closer to two than zero

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 regression	3.547	1	3.547	27.043	.001
Residual	1.180	9	.131		
Total	4.727	10			

Source: SPSS output 2018

a. Predictors: (Constant), Corporate social responsibility activities

b. Dependent Variable: RITE Food Nigeria's productivity

Table 2: ANOVA

Table 2 above gives the analysis of variance (ANOVA) with F – calculated value of 27.043. With the critical value obtained from statistical table at 0.05. from the table, the F calculated is greater than the F- tabulated that is  $27.043 > 2.45$  at 0.05 significant level. Therefore, we reject the null hypothesis (H0) and accept the alternative hypothesis. This concludes that the estimated model is statistically significant.

The p-value is 0.001 is less that alpha value (0.05). This informs that the result is statistically significant at 0.005 level of significant. Therefore, the Null hypothesis is rejected while the alternative hypothesis which states that corporate social responsibility activities improve RITE Food Nigeria Limited's productivity is accepted. It should be noted that the statistical decision rule of p-value states that the Null hypothesis should be accepted if p-value is greater than alpha value (i.e. level of significant which is 0.05) otherwise it should be rejected, while the alternative hypothesis should be adopted.

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Constant	.567	.218		2.606	0.01
Does RITE corporate social responsibility activities improve productivity?	.448	.086	.866	5.200	.001

Source: SPSS output, 2018

Table 3: Coefficients

Dependent Variable: RITE Food Productivity

The above table depicts the relationship between the corporate social responsibility activities and the productivity of RITE Food. The intercept and slope are 0.567 and 0.448 respectively which could be written in model form as  $Y = 0.567 + 0.448X$ . the positive value of 0.567 and 0.448 implies that the corporate social responsibility activities improved the productivity of RITE Food.

Hypothesis Two

H0: RITE Food's involvement in corporate social responsibility is not beneficial to the organisation and host community.

Model Summary

Model	R	R Square	Adjusted R Squared	Std. Error of the Estimate	Durbin Watson
1	.796	.735	.710	.589	1.812

Source: SPSS output, 2018

The model summary in the above table shows that 74% of variation in the dependent variable (corporate social responsibility activities are beneficial to the organisation and its host community) were explained by the explanatory variable (involvements of RITE Food Nigeria in corporate social responsibility activities). The result means that the model was of good fit. The proportion unexplained (0.26%) was due to error which is considered minimal. The value of Durbin Watson statistics (1.812) used to test for serial correlation in the error term in the model. This is because the estimated value (1.812) is closer to two than zero.

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 regression	189.047	1	189.047	3.212E	.000
Residual	5.592	95	.59	3	
Total	94.639	96			

Source: SPSS output, 2018

Table 4: ANOVA

Predictors: (Constant, involvement of RITE Food Nigeria in corporate social responsibility)

Dependent Variable: RITE Food Nigeria and host community benefits from corporate social responsibility.

It should be noted that the statistical decision rule of p-value states that the null hypothesis should be accepted if p-value is greater than alpha value (i.e. level of)

Table 4 above gives the analysis of variance ANOVA with F –calculated value of 3.2123 which the critical value obtained from statistical table at 0.05, from the table, the F –

calculated is greater than the F –tabulated, that is  $3.2123 > 2.45$  at 0.05 significant level. Therefore, we reject the null hypothesis (Ho) and accept the alternative hypothesis and conclude that our estimated model is statistically significant.

The p-value is 0.000 which is less than alpha value (0.05). this indicates that the result is statically significant at 0.05 level of significant. Therefore, the null hypothesis is rejected while the alternative hypothesis which states that RITE Food Nigeria’s involvement in corporate social responsibility activities is beneficial to the organisation and host community is accepted.

It should be noted that the statistical decision rule of p-value states that the null hypothesis should be accepted if p-value is greater than alpha value (i.e. level of significant which is 0.05) otherwise it should be rejected, while the alternative hypothesis should be adopted.

Model	Unstandardized Coefficients		Standardized Coefficients Beta	T	Sig.
	B	Std. Error			
Constant	-0.96	.050		-1.924	0.57
RITE’s involvements in corporate social responsibility are beneficial to both the organisation and its host community. Hence, corporate social responsibility activities improve productivity	1.014	.018	.986	56.671	.000

Source: SPSS out, 2018

Table 5: Coefficients Estimates

Dependent Variable:

The above table shows the relationship between RITE Food Nigeria Limited’s involvement in corporate social responsibility and the benefits on the company and its host community. The intercept and slope are -0.096 and 1.014 respectively which could be written in model form as  $Y = -0.096 + 1.014X$ . the negative value of -0.096 and positive value of 1.014 implies that there is no strong relationship between RITE Food Nigeria Limited’s involvement corporate social responsibility activities and its benefits to the organisation and its host society.

## V. CONCLUSION

On the basis of the outcomes of the study the following conclusions were made, the existence of any organisation can be contingent on series of exchange between the organisation and its operating environment. The involvements of RITE Food Nigeria Limited in corporate social responsibility

activities demonstrated that the company is socially responsible to its direct environment. Hence, RITE Food Nigeria Limited’s corporate social responsibility activities and programs have improved its productivity. Likewise, the involvement of RITE Food Nigeria Limited in corporate social responsibility activities is beneficial to both the organisation and its host community.

The study further recommends that officers in charge of quality and corporate social responsibility should embrace the practice of social responsibility as means of improving their organisational productivity. Managers in service sector and other sectors of Nigerian economy should adopt the practice of corporate social responsibility as an instrument for giving back to the community through the provision of social amenities and other infrastructural requirements of their operating community.

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