

Chapter 15

The Responsibilities of Corporations: An Analytical Appraisal

Abubakar Sadiq Kasum

Abstract The concern for this study is about the long-drawn-out CSR argument, which was observed to have been controversial, because the responsibilities of businesses are rarely critically analyzed. The study, therefore, appraises the responsibilities of businesses based on a strictly just and fair relationship with all the stakeholders. So that corporations are only and ‘strictly expected’ to do what is right and fair at all times—being ethical. The study suggests that corporate responsibilities can be classified from three guises namely primary (which are about a business’s survival in its market and industry), secondary (which is about its responsibilities as a corporate citizen) and tertiary (this in effect is discretionary and is about its moral obligations to society and its stakeholders). The study observes that all corporate responsibilities, except philanthropy, can be and should be discharged by corporations and that this will only mean doing the right things which have been argued to be good for business. The study is also of the opinion that if corporations are fair especially with, measure and value as they relate to price, philanthropy will rarely be possible and may even be unnecessary. The study, therefore, concludes that rather than cutting corners in terms of their charitable obligations, corporations should be compelled to do what is right and to act fairly in their dealings with stakeholders.

15.1 Introduction

Corporate Social Responsibility (CSR) discourse is mature and rich. It is, however, important to note that CSR discourse is still a work in progress, as intellectuals continue to strive towards the best society, while identifying the best of roles for

A. S. Kasum (✉)
University of Ilorin, Ilorin, Nigeria
e-mail: abubakarsk@yahoo.com

the business sector in society. According to Votaw's (1973) the term "social responsibility", is a brilliant one; it means something, but not always the same thing to everybody. To some it conveys the idea of legal responsibility or liability; to others it means socially responsible behaviour in an ethical sense; still to others, the meaning transmitted is that of "responsible for, in a causal mode; many simply equate it with a charitable contribution". In line with these, various roles have been ascribed to the business sector, in the name of CSR. While to some sector of society a business is only expected to concern itself with making the best profits for its owners, the other extreme believes "A corporation's stakeholder constituents ... extend far beyond the traditional confines of shareholders, employees, managers, consumers and investors" (Brammer and Millington 2003) and want businesses to distribute a reasonable proportion of their profits for good causes.

The two extremes together with the various middle grounds, no doubt, provide justifications for their stance and all the ideologies are probably capable of being accommodated. It is the belief of this study that the current state of CSR discourse demands negotiation. Stakeholders outside the organizations and corporate watchdogs and the civil society are placed in a position where issues and areas where there are differences can be negotiated with the companies not to be too profit oriented but to consider also other stakeholders who are directly or indirectly affected by their actions. This is not a good situation, as it places businesses in a better bargaining position in any societal contract to be agreed.

This study considers a situation where nobody goes with a bowl in hand begging for CSR or a situation that gives the corporation the opportunity to stop a scenario where stakeholders and corporate watchdogs and the civil society are compelling managers to violate the terms of their fiduciary duties to use owners' resources for things which are non value adding to providers of capital. Based on the statement of Friedman (1970) that "The only social responsibility of business managers is to maximize profits while complying with the rules of the game", we argue that strict compliance with societal-embedded and legal contractual agreements, is enough for CSR and corporations may not even be able to do more than that. It is a state of the world where the business sector is only expected to do what is objectively their responsibility and those responsibilities are fulfilled completely and nothing less than 'strictly completely' Fisher (2004). Similarly, Munilla and Miles (2005), argue that the compliance perspective of society should not go to the extent of coercion perspective but where compliance is voluntary and total.

15.2 The Concept of Corporate Social Responsibility

Scholars have defined CSR in different ways. According to Whitehouse (2006), definitions of CSR range from the ... "view of the one and only social responsibility of business being "to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game" to the "conception which encourages companies to obey the law, be profitable, be ethical, and be a good