
MANAGING BUSINESS AND PUBLIC INTEREST IN ORGANISATIONS

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Abstract

This study is an attempt to investigate managing Business and public interest in organizations. An attempt has been made to classify these patterns of public interest of business organizations so that one can create the knowledge about the extent of their contributions to National Development. The major findings of the study are that some organizations show public interest only at the demand of the community and if the organization has the resources to fund the project. Management of some organization are only business conscious and do not incorporate public interest in their policy. Again social audit to make organization show more public interest is lacking. The major conclusions of this study are that organizations having incorporated social objective in their memorandum of associations, should formulate policies to put public interest in practice to avoid conflict. Based on the above, recommendations were made and they include that: organizations should formulate social policies affecting the society. There should be a social audit and annual public interest penalties for organization that do not meet up with public interest programme, etc.

Social responsibility (public interest) is the obligation of businessmen to pursue those policies, to make those decisions or to follow lines of action which are desirable in terms of the objectives and values of the society (Luthans and Hudgets, 1976). Specifically, public interest falls within business policy/strategy. Ansoff (1965) defined Business policy as the active process of directing the course of a firm towards the attainment of its objectives.

The concept of the public interest of business has in recent years become a popular subject of decisions and debate within businessmen, academicians, research

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institutions and students of business management because the firm is a creation of society. It has a responsibility to aid in the accomplishment of societal goals.

Certain expectations are made of business organizations from their inceptions which are known as Business Obligations. Every business organization exists in an environment made up of external and internal elements. The components of the business environment include suppliers of raw materials, the customers who buy their products, competitors, the distributors, the local government and the community where the business is located.

The environment provides the resources for productions, purchase and consumes the products provided by the business; therefore, business must maintain a harmonious relationship with its environment and as such return desired goods and services to the environment.

Statement of the Problem

There exist feud in the country between some organizations and communities where they operate. Either of them do not seem to know or understand the responsibilities they owe to each other. The statement of problem in this study, therefore, is that the Nigerian business organizations do not incorporate public interest into their organizational goals.

Purpose of the Study

The purpose of this project is:

1. To evaluate how effectively the organizations have contributed to alleviating the social problems of the society.
2. To determine the level of public interest activities of organization to the communities where they are operating.

What is Business

Bayard (1968) defines business as institution organized and operated to provide goods and services under the incentive of private gain. Businesses do not exist in vacuums. They exist and are situated in different societies and operations they embark on. The presence of business in any society also has some impact on that society. In fact both depend on each other for subsistence, survival and growth. Therefore a type of symbiotic relationship exists between the two, each depending on the other. However, the society has never believed that there is this mutuality which is believed to be present in most thriving relationships (Hicks and Gullet, 1982). As a result, the society always feels deprived and cheated by business organizations.

What is Social Responsibility?

Social responsibility (business public interest) involves having a business participate in the well being and welfare of the community, society and environment in which it operate and makes its profit. It is also seen as the duty of a business enterprise to ensure that it does not disrupt the life of the community in which it operates (Drucker, 1974). Social responsibility is the concern for the welfare of the society which restrains business from engaging in destructive activities. It should be note that social responsibility is used synonymous with public interest.

Business Organization and Discharge of Social Responsibility (Public Interest)

There are different ways of performing social responsibility which are as follows:

1. **Employee Welfare:** This is achieved through the development of human resources of a business which include showing concern for and protecting human values, providing safe work environment and creating opportunities for employee advancements and growth.
2. **Cooperating with Government:** This involves taking steps to abate environmental pollution, the provision of accurate statistical data to government for planning purposes, creating affiliate business to provide housing and transportation in urban areas and finally paying cooperate taxis
3. **Research and Development:** Business can do this by thinking of ways of harvesting industrial wastes which will help government reduce pollution and increase alternative source of energy. This can be achieved in many ways among which are recycling scrap iron and used cars which litter city, street by metal – base industries. Furthermore waist paper can equally be recycled to compliment the provision of paper by the paper mill at Jebba, which provide only 10% paper need of the Country. Modifying existing paper mills to incorporate recycling planks can be a way out. In addition, discarded plastic products such as jerry cans, buckets, shoes, slippers, plates, spoons, cups, plastics vehicle parts, combs, nylon bans for wrapping pure water, groundnut, bread, snacks and electronic cassette.
4. **Surviving:** This involves operating efficiently, judiciously allocating the scares of society and generating profit. By disseminating non deceptive advertising message to the public, given accurate information to shareholders, tax authorities, the stock exchanges, ministry of commerce and industry etc. social responsibility is being performed. Other ways of discharging the same responsibility are through operating at the most efficient levels of cost in relation to services rendered or goods sold, and finally providing for better credit facilities, suitable unit of purchases, simple but adequate product labeling and use of instructions in a predominantly illiterate environment.

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5. **Growth:** This is sequel to surviving, growth requires profitable investment which if not attained prevents non- payment of taxes and dividends, expansion will be shifted, goods and services cannot be improved upon through research and development and generally the impact of business is felt in economy.
6. **Corporate Contribution:** When business donate to worthy national causes, charitable organization, and disaster situation, supporting educational institution through endowment of various types they perform social responsibility. Other ways of corporate contributions are through campaign against pollution, providing housing loan for workers, anti-inflation campaign, education to combat drugs and road accidents etc. Community or neighborhood deteriorates, property values go down, sages revenue declines, local market shrinks, employment falls and profit sag. (Osisioma, 1986). As can be seen, the negative effects of non- investment in the discharge of the public interest have a chain reaction. It is therefore essential for economic reason that both private and public business should get involved in the discharge of social responsibilities (public interest).

In addition to the economic factors, osisioma (1986) also presented four others areas of public interest as follows:

1. Labour factors which concerns the well-being of workers and employees shows wages levels, labour representation in decision making health and safety programme.
2. Civic factors that deals with supporting public and private educational institution, eradication of social injustice, promoting and supporting of other social activities.
3. Ecological factors which involves the business in waging wars against filthy environments, crusade against deforestation and disposal of solid waste.
4. Product factors which concerns product that ensures the safety and health of the consuming public.

Factors Affecting Business Social Responsibility (Public Interest)

There are some factors that influence the implementation of public interest project. Among these are:

1) Awareness of the People on the Obligation of Business

The mandatory obligation of business managers to uplift the quality of life of the environment in which they operate has often been misinterpreted to mean voluntary obligation. For instance, the oil producing communities in Nigeria only realized a decade ago the neglects they have suffering in the hands of the oil drilling companies. Apart from realization, should the business organization select projects to be financed and go ahead to execute them or disburse funds directly to the people? Even at that, who

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should be the recipients or the representative of the people? This lack of awareness is caused by colonialism in view of the fact that for a long time our colonial masters determined what they thought was good for us. our choice was never dependent on what we actually wanted.

2) Survival Prospects of Business

The primary aim of any business organization is to survive in the environment. And this is achieved through harnessing of resources, good judgment and decision making. Since its profit statement measures the survival tendency of business, business managers tend to concentrate on improvement of their profit neglecting the social aspect of their functions.

Now, business managers have started to realize that business does not operate in a vacuum, as there must be an enabling environment for them to flourish, which is provided by the society.

3) Efficiency of Business Performance

Most business concentrates on growth and expansion. Especially the private owned business organizations that compare with their counter-part of equal size. The level of diversification and the number of subsidiaries added to the parent in a measure for the mark of success and justification for existence.

4) The Level of Development

A terribly backward society constitutes impediments in the wheel of progress and development. The case of koma village in old Bauchi State who were contented with the lowest quality of life observed among them. No cloths, no good food, no electricity, no water, no roads. They oppose all government agencies that tried to make positive impact. It becomes absolutely difficult to implement public interest projects in such primordial societies.

5) The Cultural Background of the Society

Many primordial or transitory societies resist change that appears to be transforming their society and eliminating the much cherished cultural heritage. These communities become not only uncooperative but also antagonistic to the presence of business organization. Business infrastructures are destroyed and in extreme cases, lives are lost in an attempt to ensure that such business does not exist not to talk of surviving in the society.

6) Government Regulation

The nonchalant attitude of government towards business public interest issues has affected the implementation of this cause. No guideline, no legislation, and no criteria for its administration. The setting up of OMPADEC appears to be a step in response to this much cherished need. The present Shell – Ogoni conflict would have been averted if the government had laid down clear policy on social issues.

7) Attitude of Business Manager

Managers, emphases and are preoccupied with profits statements and the balance sheet. Managers, aspiration is to impress business owners and their employers. The only way to achieve this is by concentrating efforts on business growth opportunity declaring dividends comparable to similar organization. Besides, business managers argue that they do not have the mandate of ownership to deplete resources at earning by way of public interest obligations. I think that the introduction of managerial ethics especially in post-graduate business course will awaken business managers to their obligation of ensuring a better society since; an improved business environment will enhance success of organization therein.

8) Desired Expectation From Business

There is always confusion on what is actually expected from business in return for damages inflicted on the environment sequel to business activities. Some favour building of infrastructure, some favour particular projects, other object to such project being granted priority. Even when consensus is reached on selected projects, the site becomes another source of confusion. While some influential members of the claim to be the representatives of the people. The people so represented deny the power such representation.

9) Co-Operation of Owners

The expectation of business owners and shareholders is the yield and return on their investment and may not give the business manager the go ahead for public interest programme. The hard stand of owners to be paid their returns on investments and to be allowed to extend social obligations to whoever pleases them, constraints the business manager`s ability in being socially responsible. The Business managers are often faced with this difficulty of whom to deal with on behalf of the people.

10) Problem of Establishing Criteria for Selecting Social Causes

It is widely believed that it is the people of the concerned community that actually know what they want and deserve the right to self determinations. Therefore, assigning the role of determining for a people what they want, to a neutral body (Solid Minerals

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Producing Board, OMPADEC), is considered a slight which the people had severally resisted.

11) Problem of Measurement

How much should be allocated to a given community in terms of projects. How do we scale and rate what is due to people? Many criteria are available: the amount of resources produced, the gravity of devastation suffered the population or the land mass.

12) Problem of Enforcement

When Business Social Responsibility is acceptable, how do we ensure that the business pursues that policy as generally acceptance or guarantee its implementation. One will suggest that Government should fix a certain percentage of annual business income to be paid into a pool as contribution to business Social Responsibility.

13) Who Gets/Determines Social Responsibility Projects

Given that Business managers have recognized their social responsibility obligation in their immediate community and are prepared to meet them, another practical problem immediately sprouts. First, how can owners ensure that the controllers spent the money in preferences of the former? Secondly, should firms be required to denote these specific or determinable sums directly to social causes of their choice or to earmarked candidates?

In addition, managers may be afraid to propose some changes in the organization, which may jeopardize their careers. In other words because managers are protective of their jobs, they are skeptical of voicing out such socially responsible suggestions that may threaten the organizations survival or profitability.

A division of an organization, which is seen as a profit centre, may wish to maintain such status thereby avoiding any socially responsible programme, which may threaten such status.

An organization which feels that getting involved socially will threaten its competitive position in the industry when it has made huge profit rather plough it back into the business or pay it to shareholders rather than spend it on social programmes. Where there is no industry wide policy on getting socially involved, a firm in such industry might not want to be an exception especially when other companies are seen as competitors. This is because any social involvement will affect the profit level. These among other factors affect Business Social Responsibility. (Public Interest).

Argument for Business Assumption of Public Interest Programme

Being a recent trend in the business world, some scholarly debates as to whether business should be involved in public interest programme or not. The following are arguments for business public interest.

1) Public Image of Business Organisation

Engaging in public interest programme by companies may have positive public image in such societies where it operates. Such public image may provide opportunities for good marketing and for survival in the business environment.

2) Viability of Business Organisation

Long survival in the business environment and society at large is of great importance to business organizations. Public interest of business can reduce threats and oppositions from the society which can guarantee longer survival.

3) Avoidance of Government Regulation

Special government concessions may be given to Business organizations that engage in public interest programme. This can reduce the imposition of strict government regulation which makes the organization operate more flexibly in the business environment.

4) Protection of Stock Holders Interest

When business organization engages in public interest programme, they receive better public image, their products may be more accepted, and government regulations may be less strict for them. This gives the stock holders who are the ultimate owners of the business more protection.

5) Long-Run Self Interest of Business

If Business organizations decide to be socially responsible, they have long run self interest. And this provides diverse business opportunities in the society.

6) Nothing is Wrong With Trial

It is advisable for managers to try public interest programme and understand better the issue that are involved in it.

7) Business Organisation Have the Resources

Because Business organizations have large resource, economic, technical and human, they should engage in public interest programmes.

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8) **Social Responsibility may be Profitable**

Managers should formulate their public interest programme in a way that it can be profitable to the organization either economically or socio-culturally.

9) **Prevention is Better than Curing**

It is better for business organizations to assume public interest obligations now for the purpose of future certainty.

10) **Impact of Socio-Cultural Norms**

There are certain institutional norms such as contact, authority and universal rules regulations, norms, ethics etc that influence the organizational structure. If the business organization embarks on public interest programme, they will be more integrated within a society because of acceptable of the above institutional structures.

Arguments against Business Social Responsibility (Public Interest)

Some of the arguments that speak against public interest programme are:

1) **PROFIT Maximization**

There is this assumption that the primary goal of business organizations is profit maximization and to make as much money possible for the owners of the business.

2) **Dilution of Business Primary Purpose in Society**

If business engages in public interest programme, it could dilute business emphasis on economic productivity and weaker business activities in the market place and finally result to non-accomplishment of both economic and social goals.

3) **Cost of Social Involvement**

The cost of public interest programme may be high for business organization and may yield insignificant profit.

4) **Lack of Social Skills**

Because many business men and managers lack social skills, they do not understand the concept of public interest and as such do not know how to get involved. There may be some complication forcing them to implement public interest policies. This may even lead to poor economic performance.

5) Lack of Accountability

The social needs of people should not depend on the helping hand of business. The society should not impose social goals on business line; this is because business organizations are not accountable to the society.

6) Lack of Broad Support

A business organization that engages in public interest programmes may operate in a hostile environment because of the disagreement between government who control activities in the society and the leaders of related organizations and the business manager.

7) Weakened International Balance of Payment

Where business involves itself in public interest issues, it must increase the cost of its products and they may not compete well with other international products. Finally, they may be drop in group sales, low economic performance and this affects international balance of payment of the countries concerned.

Summary

It was discovered that organizations provide social responsibility only at the demand of the community and if the organization has the finance to fund their demand. This is at variance with modern management-approach to crisis management which emphasizes prevention of crisis rather than control. Management of organisation do not know their social responsibility obligation due to lack of technical knowledge of managerial know how.

Recommendation

The following recommendations will help in no small way in the practice of social responsibility in business organization and subsequently the improvement of productivity and profit with little or no conflict.

1. Organizations should incorporate public interest programme in their policy. And appoint an officer whose duty is to interact with the people in their areas of operation to sustain good relationship and prevent community relation problem. He should liaise with them to arrive at a consensus on the priority projects.

2. Social audits should be provided in firms to evaluate its social performance. The social audit provides management with information about the firm's social impact. It may be presented as a social performance report for managers and outsiders.

Finally, there should be a legal requirement just as in Western Countries like France and Holland compelling companies to make annual public interest and penalties

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for not complying with public interest should be specifically spelt out. Firms in the country should be aware that they are not only contributors to the national economic well being, but also welders of great social and political power.

Mere acceptance and disclosure of support for the concept of corporate public interest is not enough. The companies should have objective policies and practices not only to maintain its existence but also to cater for the interest of and well being of the community in which it operates.

The charity principle expresses the ideas that business firms and their managers should act as steward or trustees of the public interest, using business resources to promote the interest of all stakeholders affected by a company's operations.

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