Impact of Practices of CSR on the Performance of Business in the Context of Contemporary Nigerian Society

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Abstract

This research examines the impact of practices of CSR on business in the specific context of contemporary Nigerian society. Bulk of existing research on this topic area was reported in Anglo-American context. A survey was undertaken to address three basic questions namely, is the practice of CSR relevant? Will practicing CSR make or mar profit? Do Nigerian manufacturing companies practice CSR? Data were subjected to series of multivariate analysis and it was found that CSR is very relevant to business in Nigerian society. By extension, the analysis using control variables dependent of CSR indicated that positive relationship exists between CSR and business performance at a moderate significant level. In addition, it was found that indigenous Nigerian manufacturing companies performed CSR unknowingly.

Introduction

Corporate social responsibility is one of the most complex dynamic and challenging subjects that 21st century business leaders face. It has been a subject of long debate, which certainly preceded this century. There is still, though, no consensus on a central definition of the concept, a standard of how it should be practiced or who should benefit from that practice. Different groups have attached varying degrees of meaning to the concept and practice of CSR.

The most critical aspect to the issue of understanding CSR is that most of the meanings attributed to it by these groups emanated from two principal views presented by Friedman (1970) and Caroll (1979). Friedman argued that the sole responsibility of business is to increase profit. He contended that a business has responsibilities that go beyond profit. He proposes four responsibilities of business, namely; Economic, Legal, Ethical and Discretionary. Practical engagement with the idea of CSR today - especially in developed countries - suggests that Caroll had an upper hand, as it is his perspective on the CSR concept that is widely accepted and supported. This is evident in the fact that most MNCs today release annual reports on their social responsibility performance in addition to their normal annual reports and accounts.

However, recent proponents of CSR use four arguments to defend the concept. These include; moral obligation, sustainability, license to operate, and reputation. In contrast to this, business managers in developing countries such as Nigeria tend to follow Friedman’s view. For one to appreciate CSR in the culturally specific Nigerian situation, it is important to explore the motivation for, the evolution and the current state of CSR in Nigeria. CSR, in view of a global standard of practice, is still in its early stages in Nigeria. Several discussions have been held in global forums to determine the role of the private sector in relation to a social agenda. One such discussion was conducted by the World Business Council for Sustainable Development in a number of countries in the world with the objective of understanding local perspectives better and to get different perceptions of what CSR should mean as it is set to work in a number of different societies (WBCSD 2012).

The key finding of such research is that chosen priorities differ according to the perception of local needs. In Nigeria for instance, the key issues of priority included; Human rights, Employee rights and environmental protection and supplier relations. But the actual practices in Nigeria suggest that economic and legal responsibility is the major focus of businesses, while ethical discretionary responsibilities are rarely considered. To an extent, Nigerian companies engage in philanthropic giving, but that occurs on rare occasions and is most times borne out of natural human sympathy. Even when companies give, it is done with a view to expecting further economic gain from the community and to a larger extent from the government at all levels.
These practices pose a serious challenge for both the companies and society. It is important to note at this juncture that philanthropy in Nigeria is more than just charitable giving. HIV/AIDS is an example of where the response by business is essentially philanthropic, but clearly also in companies’ own interests. They need a healthy labour force. For most businesses operating in Nigeria, whether small or large, local or national, the cost of operations is unpredictable. Adding to this difficulty is the obvious problem of operating in what is in many ways a low-trust economy. The public private partnership (PPP) framework introduced by Nigerian government in the early 2000s was short lived. The framework intends to involve the private corporations in the socio-economic development of Nigeria. In return, the private corporations are expected to impact the society through social responsibility practice.

Most of the companies that benefited from that arrangement did not perform very well in this regard. Clearly, this development is largely due to government’s casual way of honoring agreements. Some firms have provided numerous basic amenities in host communities through their social foundation network. Social foundations are the common method that Nigerian firms employ to deliver social good to society (Phillips 2006).

These foundations are especially common among manufacturing companies because more pressure is exerted on them by both government and society. These foundations rarely operate within the ambit of their stated mission; most times their activities are talked up – exaggerated - or politically motivated (Muo 2011). The challenges that face business in Nigeria are unique, because CSR can probably not be optional in such a climate. In a country where social, health, education and environmental needs are so pressing, where government resources are so stretched, where so many people live below the poverty line, conducting business any other way is not only unethical, it is most probably not sustainable in the longer run.

However, it is imperative for indigenous companies in Nigeria to sensitise themselves to the call of CSR. This challenge necessitates this research, which explores the impact of practices of CSR on the performance of business in the Nigerian situation. The study will seek to answer the basic question of whether or not CSR is relevant to Nigerian business. It will also seek to gauge the level of commitment to CSR by manufacturing companies in Nigeria.

Statement of the problem

There are innumerable problems in contemporary society that call for corporate attention. Some of these problems exist due to unethical decisions and poor discretionary steps taken by business executives that work to the detriment of society.

But if they should be inclined to solve societal problems, how many of these problems are they expected to solve before being considered a good corporate citizen? Consequently, questions arise such as: to what extent should a corporation contribute to society? Who is the society or the stakeholders that make it up? If contributions are made to improve the well-being of society, what is the ensuing impact on business?

Research questions

A firm can fulfill its social responsibilities by supporting and carrying out decisions that tend to improve society’s well-being. As they fulfill this obligation, what will be the impact on their business? This then necessitates the questions for this study, namely

1. Is the practice of corporate social responsibility relevant to Nigerian business management?
2. Could there be a link between undertaking corporate social responsibility practices and business performance in the Nigerian context?
3. Do manufacturing companies in Nigeria perform corporate social responsibility practices? To what extent do they perform it?

The basic question underpinning these detailed inquiries is as follows
1. What is the purpose and effectiveness of CSR in the specific context of contemporary Nigerian society?
Research objectives

The following objectives were developed, on the basis of this large question

1. To determine the relevance of corporate social responsibility concepts to business management in the practical situation of contemporary Nigeria.
2. To identify possible links between corporate social responsibility and business performance among the relevant cohort of firms.
3. To examine the extent to which manufacturing companies in Nigeria have performed social responsibility obligations.

The research design was formulated to address each of these objectives.

Significance of the research work

The outcome of this research will be of interest to all those who are concerned about corporate social responsibility standards as far as Nigerian manufacturing industry is concerned. The study is intended to help socially-aware companies in being proactive in their corporate social responsibility engagements. It will also help business executives to become more practically involved in Nigerian society by committing to perform true corporate social responsibility practice rather than engaging in mere lip service. This will also help them to avoid the ‘corporate hypocrisy’ (Wagner, Lutz & Weitz, 2009) that has been found in this area of activity. Similarly, other stakeholders in society will be further assisted through this research, to gain in-depth understanding of their expectations from companies operating in their community and the role they themselves are expected to play in the process. Furthermore, business managers can justify whether or not corporate social responsibility practices have effect on the overall performance of their business, based on the outcome of this study. This research may also stimulate the growth of corporate social responsibility performance within Nigerian society and enable other stakeholders to assess the current corporate social responsibility performance status of manufacturing companies in Nigeria. The outcome of this study could be useful to relevant regulatory agencies by way of developing corporate social responsibility guidelines and best practices. Lastly, the outcome of this study could serve as a reference point for future research work in the field of corporate social responsibility practice, especially in the Nigerian context.

Literature review

The forces at work in the business environment consider an organization’s CSR practice as a point of reference to determine how responsible the organization is. Management of businesses employ the concept of CSR to build competitive advantage in their industry through structured involvement in the community. Linked to this, there is a widely accepted view that CSR practices are obligatory, ethical, moral and discretionary. Numerous research studies have been conducted that try to shed more light on the concept and practice of CSR. Some (e.g., McWilliams & Siegel 2000; Mittal, Sinha & Singh 2008; Matin et al 2011; Inoue, Kent & Lee 2011; Lee & Patti 2012) attempt to determine its link with other key objectives of business, while some (e.g., Porter & Kramer 2002; Verschoor 2003; David, Kline & Yang 2005; Orlitzky 2005; Verschoor 2006; Galob, Lah & Jancic 2008; Lang & Washburn 2012; Amadi & Abdullah 2012) have tried to examine its relevance to business management. This review will consider existing definitions, and then trace the evolution of the concept with the intention of determining its relevance to business management in a practical situation.

Definitions and conceptual framework of CSR

The first influential modern research on the concept of CSR was on the ‘social responsibilities of the businessman written by Howard R. Bowen in 1953. Carroll (1999: 3) quoted Bowen (1953) as setting forth the definitions of social responsibilities of Business Executives. According to Bowen, “It refers to the obligation of business men to pursue those policies, to make those decisions, or to follow those lines of actions which are desirable in terms of the objectives and values of our society.”

The bottom line of Bowen’s argument for CSR is no panacea for societal problems, but that it contains an important truth that must guide business people in the future. Although, prior to Bowen’s intervention, there had been attempts by some experts in this field to construct a definition for the idea
of social responsibility, none could succinctly do so. For example, the Dean of Harvard Business School, Wallace B. Dunham, commented within an address delivered at Northwestern University in 1929 thus.

“Business started long centuries before the dawn of history, but business as we now know it is new – new in its broadening scope, new in its social significance. Business has not learned how to handle these changes nor does it recognize the magnitude of its responsibilities for the future of civilization.”

Dunham’s address uncovers the need for corporate social responsibility but still lacks a clear definition. After Dunham’s attempt, several others emerged, but worthy of note here are Chester Barnard’s (1938), The Functions of the Executive, J.M. Clark’s (1939) Social Control of Business, and Theodore Kreps’ (1940) Measurement of the Social Performance of Business.

In opposition to such views, Friedman (1970) referred to social responsibility (now called corporate social responsibility) as a fundamentally subversive doctrine and stated

“There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game which is to say, engages in open and free competition without deception or fraud.” (p. 30).

Friedman’s position is that businesses have only one function, which is economic in nature. The bottom-line for Friedman is that business should be free from any social encumbrance. Rather, such social functions should be left for other institutions of society such as government. This narrow view was severely criticized on several grounds, particularly the inadequacy of market forces and competition to ensure social accountability. Some years later, a sharp contrast to Friedman’s view was published by A. B. Carroll. He proposed that managers of business organizations have four responsibilities – including economic (must do), Legal (have to do), Ethical (should do), and discretionary (might do), (Carroll, 1979). He further opined that a clear and acceptable performance in the last two dimensions would distinguish a socially responsible organization from others (Carroll 2004). Carroll’s view favours the position that it is imperative for businesses to be socially responsible.

This position is based on the argument that business organizations are a part of society and have to serve primarily societal interests, rather than narrow economic objectives such as profit generation. By so doing, businesses have to deal with social concerns and issues and ought to allocate resources to solve ongoing social problems. Even though Friedman’s view sounds parochial, it does not go without logical support from some writers. Complementing Friedman’s reasoning that corporate social responsibility practices will negatively affect the long-term efficiency of business are Brown, Helland, and Smith (2006) and Peter Navaro. His study indicates that profit maximization is an important motive driving social contributions and he therefore favours reform that allows firms to treat contributions (i.e. corporate social responsibility spending) as ordinary expenses (Navaro 1988). Similarly, Baloti and Hanks (1999) supported a coherent framework that would regulate charitable giving.

More encompassing views on the nature of CSR are also in evidence. World Business Council for Sustainable Development defines CSR as “the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life.” Here, this global sustainability body captures corporate social responsibility more broadly and adds to its complex nature, even though the idea is more clearly defined. Barbu and Capusneanu (2012: 2) quoted Pectu as defining corporate social responsibility as “the modality in which a company runs its activities within the legal system and the regulation established by the society, in compliance with the universal rights of man.” Caska et al. (2004) consider it as referring to “the impact that the activities of an organization have on the social, ecological and economic environment inside which it operates.” McWilliams and Siegel (2001:117) define it as “actions that appear to further some social good beyond the interests of the firm and that which is required by law.” This approach broadly corresponds with Caroll’s legal and ethical dimensions of CSR.

From the foregoing, CSR seeks to guarantee long term sustainability of both business and society. CSR is also subjective and influenced by the context in which it operates. Although Carroll (1991) stated that the word ‘social’ is vague and is not specifically directed at the responsible stakeholders within the corporation, one thing is sure. Every corporation has responsibilities that extend beyond making profit. CSR concept is designed to improve the extent to which businesses consciously protect society and cater for affected people, while also making profit.
Relevance of concept and practice of CSR to management of business

In Nigeria and the Sub-Sahara African region, where evidence suggests that social responsibility is not fully practiced, CSR effort focuses on environment, education, health and basic infrastructures. For instance, Manufacturing companies in Nigeria are concerned about the environment. Banks intermittently channel part of their profit to support educational goals through the offer of scholarships. They also, at times, sponsor free medical care for a particular group, and on rare occasions fund minor infrastructure works. The intervention of these companies is not generated from a broad commitment to society, but most times out of pressure from consumers who are becoming more sensitive to a corporation’s responsiveness to societal issues, and sometimes such actions are politically motivated. These trends approximately describe the norms at work in Nigerian society. Where a firm acts in violation of such norms, difficulties may ensue for it. Lange and Washburn (2012) confirmed that counter-normative behavior can lead to negative consequences for the firm, such as lawsuits, financial losses through settlements and sales decline, or other costs associated with negative reputational effects. However, the legitimacy of any business, just as in leadership, rests on a social mandate: ‘In return for this mandate, the corporation should deploy a socially responsible policy and justify it to society’ (Kaptein and Wempe, 2002: 119). This intriguing argument suggests that firms in such areas where CSR action remains anemic may actually need to expend even greater effort than in the Anglo-American heartlands from whence this practice came. This heightened effort would require

(As it does in its heartlands), strategic investments in CSR-related action.

(Exceptionally), investments to build an understanding of, and commitment to the principles of CSR themselves, in an environment largely lacking in such support mechanisms.

Several authors posit that corporate social responsibility is paramount to business practice and is as such very relevant. The question of whether corporate social responsibility practice is relevant to business could be considered in the case of Shell Corporation in Nigeria (Lawrence 1997; Chavkin 2010; Klein 2005). As a major player in the NNPC joint venture exploring Nigeria’s crude oil, Shell failed in its social responsibility when it hid behind a corrupt military government to ignore the needs of a society on which it wrought severe damage through oil spillage, air pollution, and other actions causing environmental degradation. Protest began that gave rise to activists like Ken Saro-Wiwa. Shell still did not learn its lesson, and what had theretofore been peaceful protests became increasingly violent. Government intervened on the prompting of Shell Oil and executed five activists. Although Shell achieved some relief from protests after these executions, it did not last, as militants began to attack and bomb all oil installations in the oil-rich Niger Delta region in which Shell had heavily invested. Shell suffered a loss of over $10billion for ignoring a responsibility that would have cost less than $20million to address (Amadi & Abdullah 2012; Agbonifo 2009; Gary 2007; Niger Delta Watch 2011, 2012).

Another consideration is that most annual reports today, including those of a few Nigerian companies, carry a section or an entire dedicated report that reviews performance on corporate social responsibility criteria. In fact, contrary to Friedman’s view, most reports show that shareholders are entrusted with the responsibility to ensure their company adequately performs in that aspect. American and some European companies even prepare separate annual reports on their corporate social responsibility and sustainability performance. They carry along their suppliers and increasingly negotiate social responsibility targets for their entire supply chain. Some even set social responsibility and sustainability as the major criteria for selecting and dealing with suppliers. Porter and Kramer (2006) say that organizations rank companies on their performance against social responsibility criteria. As a result, corporate social responsibility has emerged as an inescapable priority for business leaders in every country. Further, they stressed that corporate social responsibility can be a source of opportunity, innovation and competitive advantage. The relevance of corporate social responsibility practice to the management of business will not only increase, but continue to place increasing pressure on business to realize the intrinsic need to align their operations with a set of standards of socially responsible conduct.

In light of the above, corporate social responsibility may seem relevant. Many studies have shown that information on a firm’s corporate social responsibility affects consumers’ perceptions of its brand (Klein 1999; Klein and Dawan 2004; David, Kline & Yang 2005) their attitudes towards the firm
(Brown and Dacin1997), and purchase behaviors (Mohr and Webb 2005). Wagner, Lustz, and Weitz (2009) investigated how consumers react to inconsistent corporate social responsibility information and what firms can do to mitigate the effects of the inconsistencies. As Golob et al (2008) noted that consumers generally have high expectations for CSR. They believe it is important for companies to engage in CSR efforts.

The link between corporate social responsibility and business performance

For some years, there has been debate about the association between corporate social responsibility and organizational performance, particularly as it relates to profit. According to Gustafson (2006), many proactive and innovative companies have already discovered that a truly enterprise-wide commitment to corporate social responsibility yields extremely positive results in both quantitative and qualitative terms. Findings by numerous researchers indicate that corporate social responsibility actions have or may have a positive effect on a company’s financial performance. It should be observed, contrary to this, that a handful of other researches in the past did not find any substantial link between social responsibility and business performance (McWilliams and Siegel, 2000; Rechner and Roth, 1990; Aupperle, Caroll, and Hatfield 1985). But so many more are finding a relationship (Arthur 2003; Waddock and Graves 1997; Russo and Fouts 1997; Meyer 2007) that the ultimate judgment must be in their favor. Devinney, Auger, and Eckhardt (2010) went beyond linking corporate social responsibility and business performance to describe social responsibility “as value to business.” This is true in view of the rise of ethical consumers described by Devinney et al, as shoppers base purchasing decisions on whether a product’s social and ethical positioning aligns with their values. Sharp Paine (2011), an influential contemporary author, acknowledges in an interview that there is a link between corporate social responsibility (ethical behaviours) and business performance, but firmly argues that applying moral values to business is by no means a sure route to financial success. An in-depth analysis by Margolis and Walsh of 127 studies found that “there is a positive association and very little evidence of a negative association between a company’s social responsibility performance and its financial performance” (Margolis and Walsh 2003, p. 304). Another meta-analysis of 52 studies on social responsibility and performance also reached this conclusion (Orlitzky, Schmidt, and Ryan 2003). Eccles et al (2011) provide evidence that High Sustainability companies significantly outperform their counterparts over the long-term, both in terms of stock market and accounting performance. High sustainability companies refer to corporations that voluntarily adopted environmental and social policies many years ago.

Similarly, social investments are expected to yield longer-term benefits as engaged consumers step up their purchases, a broader investor base develops, or new talent is attracted to a company's recruiters (Bhattacharya Et al, 2012). A study by Golob, Lah, and Jančič (2008) found that it is potentially fruitful to position companies as socially responsible. Such positioning also supported marketers’ need to incorporate corporate social responsibility in strategic marketing and corporate communications decisions.

This means that profit-based decisions in many cases should be attenuated by ethical or discretionary issues, which consumers expect to be addressed. According to Porter and Kramer (2002), philanthropy can often be the most cost-effective way for a company to improve its competitive context. Furthermore, being known as a socially responsible company, Adler and Kwon (2002) contend, will provide a company with social capital and the goodwill of key stakeholders that can be used for competitive advantage.

In another study (Verschoor 2003), most CEOs agree that corporate social responsibility does not amount to public relations "spin", that corporate social responsibility is vital to profitability, and that it must remain a priority, even in the current economic downturn in the west. All these studies attempt to show the connectivity between social performance and business performance. According to Porter and Kramer, “social and economic goals are not inherently conflicting but integrally connected” (2002: 59). Another survey of 140 U.S. firms uncovered that being more socially responsible resulted not only in competitive advantages but also in cost savings. It has also been found that the practical application of all dimensions of corporate social responsibility has an impact on business performance specifically in
Nigeria (Akanbi and Ofoegbu 2012). That work forms part of a broader range of ongoing research that forms the focus of the following section of this Review.

Methodology

Research design and approach

Research design is blueprint that acts like a guide in collecting and analyzing data (Churchhill, 1999). Adapting the research design categorizations from Orliskowski and Baroudi (1991) and Chen and Hirschheim (2004), the design of this Dissertation is survey research which involves data collection via questionnaire.

It is a survey research with a cross-sectional study type. Under this design, The Researcher combines the feature of both qualitative and quantitative approaches. The two methods are complementary. The weaknesses inherent in one approach will be counterbalanced via the strengths in another (Jack 2006). Numerical data in form of numbers, and qualitative data inform of text were collected and analyzed using statistical methods.

Population and sample size

The population of this survey research consists of staff of three manufacturing companies and members of the host communities surrounding where these firms operate. These companies were selected from the three most industrialized geopolitical zones in Nigeria (Southwest, Southeast, and Northwest) using a nonprobability (purposive) sampling method.

Sample size and technique

The sample consists of 235 employees of manufacturing companies and 235 members from the host communities, totaling 470 persons. A total of 600 questionnaires were distributed out of which about 517 were returned and 492 were found usable. In order to equalize the number of respondents from each group, 22 questionnaires were further discounted using simple random sampling technique. This yielded a final response rate of 78.3%. The respondents were made up of 302 males and 168 females with ages ranging from 18 to 55.

Data presentation and analysis

Demographic analysis of stakeholders

Table 1 showed that there were 302 (64.3%) males, and 168 (35.7%) females in the sample; 84 (17.9%) of the respondents were of age ranging between 18 – 25, 176 (37.4%) were in the age range 26 – 35, 145 (30.9%) were in the age range 36 – 45, 56 (11.9%) were in the age range 46 – 55, while 9 (1.9%) were of age 56 and above.

The educational level of the respondents showed that 38 (8.1%) had attained postgraduate level, 156 (33.2%) were graduates, 103 (22%) were undergraduates, 132 (28%) attained Secondary/high school level, while 41 (8.7%) attained other educational level respectively.

The occupational background of the respondents was as follows. 13 (2.7%) of them were management staff, 46 (9.8%) were senior staff, 212 (45.1%) were mid-level staff, and 92 (19.6%) were junior staff. 37 (7.9%) of the respondents were self-employed while 70 (14.9%) belonged to the ‘other’ category.

Level of CSR awareness by staff of manufacturing companies in Nigeria

88.9 % of company staff were familiar with the concept and practice of CSR, while 11.1 % were not familiar with the term. This result indicates that the level of CSR awareness in the present sample is up by 3.9% when compared with the result that was generalized for Nigeria as a whole reported in Ameashi et al (2006). The implication is that more Nigerians are becoming alert to the social responsiveness and claims of companies in the Country.

Table 4 shows that 67.9% of employed staff claim their companies are currently engaged in a social responsibility programme, 27.8% were not sure or do not know what their company is currently doing, while 4.3% of respondents claim their companies do not have any current engagement with CSR.
Table 6 show the mean and standard deviation of the components of CSR awareness section by respondents. The mean and standard deviation of respondent’s awareness is 1.1106 and .31435 respectively, that of own company’s commitment to CSR is 1.5981 and .89400 respectively.

Table 8 show 49.3% and 32.1% indicating that CSR is somewhat and very beneficial to employees, 7.7% were neutral, and 11.1% indicate that CSR is not beneficial to employees. Therefore a cumulative % of 81.4 of respondent’s opinion favours that CSR is beneficial to employees.

Findings by Golob et al (2008) demonstrated that consumers generally have high expectations for CSR. They believe it is important for companies to engage in CSR efforts. Consequently, employees were asked how beneficial CSR is to customers. Table 9 show 26.4% and 10.9% indicating that CSR is somewhat and very beneficial to customers, 7.5% were neutral, while 40.2% and 15.1% indicate that CSR is not and not at all beneficial to customers. Therefore, a cumulative % of 37.3 of respondent’s opinion favours that CSR is beneficial to customers against 62.7%.

Shareholders are important stakeholders often protected by the proponents of profit maximization (Friedman 1963, 1970). Respondents were asked whether CSR is beneficial to Shareholders.

Table 10 below show 35.5% and 3.7% indicating that CSR is somewhat and very beneficial to shareholders, 50.2% were neutral, 9.7% indicated not beneficial, and 0.9% says CSR is not at all beneficial to shareholders. Therefore, a cumulative % of 39.2 of respondent’s opinion favours that CSR is beneficial to shareholders against 60.8%.

Corporate community involvement and corporate philanthropy underscore potential importance of community investments to CSR. Respondents were therefore asked how beneficial they think CSR is to the host community. Table 12 below show 29.7% and 56% indicating that CSR is somewhat and very beneficial to local community, 11% were neutral, while 2.9% and .5% indicate that CSR is not and not at all beneficial to local community. Therefore, a cumulative % of 85.7 of respondent’s opinion favours that CSR is beneficial to local community against 14.3%.

Finally, on the issue of stakeholder management, respondents were asked to identify the degree to which CSR commitments had, in their estimation, impacted on their employing firms’ corporate strategy. The review of literature indicated that firms were potentially prone to various forms of greenwash. Others have noted (Weaver et al, 1999) that firms can ‘decouple’ their CSR commitments from the core of their business, under certain defined circumstances. Respondents were therefore asked to indicate the degree to which their employing firms’ corporate strategies had been altered by a nominal commitment to CSR. Table 13 summarizes the findings on this.

It has been argued that CSR can often be the most cost-effective way for a company to improve its competitive context (Porter and Kramer 2002). Narrating the ‘business case’ for CSR, Adler and Kwon (2002) contend that CSR will provide a company with social capital and the goodwill of key stakeholders that can be used for competitive advantage therefore firms’ employees were asked to indicate whether having CSR programme(s) gives their firm any competitive advantage over competitor.

Table 14 summarizes the findings on this. On the same theme, but more widely put, respondents were asked to indicate whether there is economic benefit for committing to CSR. The table below summarizes the findings on this.

**Correlation analysis**

To determine the relevance of CSR to management of business with the data in tables 7 – 15, and using table 16 as the constant variable, the results of the Pearson correlation is presented in Table 17. The table below described the Pearson correlation of the respondents’ opinion on the relevance of CSR to the management of their business, and the possible link between practice of the concept and outcome of business trading. The value of the correlation is measured between 0, and 1. A correlation of 0 signifies no relationship, correlations of 0.1-0.49 signify a weak relationship, a correlation of 0.5-0.9 signifies strong relationship, while a correlation of 1 signifies a perfect relationship.

In other words, if the value of the correlation is positive, it means that the variables are linearly and directly correlated; if it is negative it means they are inversely correlated. When assuming α=0.05, any value of the significant that is less than 0.05 is significant, any value that is greater than 0.05 is not significant.
Findings

Correlations between the independent and dependent variables are significantly correlated, the result therefore imply a causal association between the two variables. Also, when focusing on the significances, quite all the variables (except one, namely impact of CSR on corporate strategy) turn out to be significant. This suggests that CSR has no causal effect on corporate strategy.

Discussion

With regard to this finding, the concept and practice of CSR is relevant to the contemporary management of business in Nigeria. This result was accepted since the significant level is less than 0.05 when assuming α = 0.05. In other words, one can say, with correlations ranging from 0.3 – 0.9 at a significance level of 0.00, there is 90% confidence that CSR is relevant to the management of surveyed businesses.

This result somewhat contradicts that of Mattin et al (2011), and wholly diverges from that set out in Aupperle, Carol and Hatfield (1985). They found that ‘it is neither beneficial nor harmful for a firm to be socially motivated to fulfill its social contract.’ (p. 459). Navaro (2005) also suggested that CSR investment would amount to unnecessary cost and he therefore concluded that CSR was not relevant to business.

Contrary to this opinion, the finding of this research is consistent with the research works reviewed in Chapter 2 above (e.g. Porter and Kramer, 2002). They observe that social and economic goals are not inherently conflicting, but integrally connected (p. 59). The current finding also agrees with Adler and Kwon’s (2002) contention, that being known as a socially responsible firm may provide a company with ‘social capital’, the goodwill of key stakeholders that can be used for competitive advantage. This observation implies that the CSR concept is a relevant tool for managers to employ to ensure long term sustainability of their business.

Another important finding in this result could be seen from the analysis in Table 17 above: when measuring the impact of CSR on corporate strategy against economic benefit of having CSR commitments, the result shows a correlation of -0.19 signifying weak relationship and a 2-t significance of 0.781 when assuming α = 0.05, therefore, consistent with table 13 above, the degree to which the employing firms’ corporate strategies had been altered by a nominal commitment to CSR is low. This is agreeing with Philips (2006) philanthropy in Nigeria is borne out of sympathy for the less privileged in society. Downling and Moran (2012) CSR is bolted on. A positive result on this first finding also leads to the second finding.

This indicates a relationship between CSR and business performance, a relationship underscored by the Pearson correlation table which correlates data on effect of CSR practice on company profit (see last column of table 17). The result of correlation with other variables also indicates a strong relationship. Correlation of 0.923 and a 2-tailed significance of 0.00 is consistent with the findings of of Rettab, Brik and Mellahi (2008). Though it was contrary to their prediction at the early stage of their research, they found that there is a positive association between CSR and business performance (p. 385). An important aspect of these findings is that a number of existing research studies on this issue have been done in the western context, not in western Africa, and most provide evidence on the relationship between CSR and business performance in the area of profit (e.g., Arthur 2003; Waddock and Graves 1997; Russo and Fouts 1997; Meyer 2007). Rettab, Brik and Mellahi (2008) claim that their research is the first of its kind to issue from the countries of the developing world. Accordingly, the present research is also the first from a Nigerian context which focuses singularly on manufacturing companies.

Testing of data using regression

Table 18 below describes the summary of the regression model. When focusing on the model summary, R=0.973. This result indicates that CSR has a very strong relationship with the business performance in the practical situation of those firms included in the survey in contemporary Nigeria. The R-Square is 0.947, which means that the business management contributes about 94.7% of the total variation in the CSR. This implies, in turn that CSR activities has a positive and statistically significant impact on management of business.
Further test using ANOVA

In other to further test the level of relevance of CSR to the management of surveyed businesses, the ANOVA Table 19 below was used when assuming α=0.05, it shows that CSR and business performance are highly significant since the sig. value is 0.000. Therefore, CSR is indeed relevant to the management of surveyed business in the contemporary Nigerian situation.

Table 19. Analysis of variance between CSR and business performance

<table>
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<th>Model</th>
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<th>Mean Square</th>
<th>F</th>
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<td>8.174</td>
<td>201</td>
<td>.041</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>153.139</td>
<td>208</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Coefficients

Table 20. Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>282</td>
<td>226</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee</td>
<td>-113</td>
<td>053</td>
<td>-121</td>
<td>-2.152</td>
</tr>
<tr>
<td>Customer</td>
<td>620</td>
<td>032</td>
<td>779</td>
<td>19.601</td>
</tr>
<tr>
<td>Shareholder</td>
<td>-119</td>
<td>045</td>
<td>-094</td>
<td>-2.644</td>
</tr>
<tr>
<td>Suppliers</td>
<td>368</td>
<td>041</td>
<td>412</td>
<td>9.933</td>
</tr>
<tr>
<td>Community</td>
<td>-183</td>
<td>038</td>
<td>-177</td>
<td>-4.805</td>
</tr>
<tr>
<td>Impact of CSR on Corporate strategy</td>
<td>054</td>
<td>019</td>
<td>065</td>
<td>2.817</td>
</tr>
<tr>
<td>Competitive advantage of CSR</td>
<td>255</td>
<td>039</td>
<td>239</td>
<td>6.491</td>
</tr>
</tbody>
</table>

Extent of CSR performance by Nigerian manufacturing companies

Do manufacturing companies in Nigeria perform corporate social responsibility practices? To what extent do they perform it? Represents the third question for this research, to answer this question, correlation, regression and ANOVA were calculated below.

Analysis of data using correlation

Table 21 below describes the results of the Pearson correlation of the respondents’ opinion between expected CSR performance and actual CSR performance of manufacturing companies. The value of the correlation is measured between 0, and 1.

Findings

Correlations between the independent and dependent variables are significantly correlated, when focusing on the significances quite all the variables turn out to be significant when assuming α=0.05, the result therefore imply that the surveyed manufacturing companies performed social responsibility.

Discussion

Regarding this third finding, specific statements were generated and administered to stakeholders with which they were invited to either agree or disagree. Responses from subjects were correlated using standard CSR data. The results of this are set out in Table 21. They indicate a positive correlation value,
and the regression analysis also shows a strong connection between the expected and actual performance. Therefore, since the actual CSR performance of Nigerian manufacturing companies scored above 60% (when using the percentage method and assigning weight to the five-item scale e.g., from 1 = strongly disagree to 5 = strongly agree) against expected performance, the Researcher accepts that manufacturing companies in Nigeria performed CSR to an acceptable level. The result is contrary to the researcher’s earlier expectation, based on a reading of the secondary literature on Nigerian experiences. This confounding result could be explained by the usual Nigerian style of social responsibility, which is deeply ingrained in a way of life (Philips 2006) and largely invisible as a result. Their CSR performance is not embedded in corporate strategy or policy (e.g., Dowling and Moran 2012) but driven by the socio-cultural and ethno-religious view of Nigerian society (Ameashi et al 2012).

**Analysis of data using regression**

**Table 22.** The regression model summary between expected CSR and actual CSR performance of Nigerian manufacturing companies

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>R Square Change</td>
</tr>
<tr>
<td>1</td>
<td>967</td>
<td>935</td>
<td>933</td>
<td>23612</td>
<td>935</td>
</tr>
</tbody>
</table>

The table above describes the summary of the regression model. When focusing on the model summary, R=0.967, which indicating that expected CSR performance has a very strong relationship with actual CSR performance. The R-Square is 0.935 which means that the actual CSR performance contribute about 93.5% of the total variation in the expected CSR performance. The variables are also significant with CSR at the 5% significance level. Therefore, manufacturing companies in Nigeria performed social responsibility.

**Further testing of data using analysis of variance**

**Table 23.** Analysis of variance (ANOVA) between CSR and business performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>366.301</td>
<td>10</td>
<td>36.630</td>
<td>657.009</td>
<td>000</td>
</tr>
<tr>
<td>Residual</td>
<td>25.591</td>
<td>459</td>
<td>.056</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>391.891</td>
<td>469</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In other to further test the extent of manufacturing companies’ performance of CSR on the other variables (workplace, environment, customer/supply chain, and local community), the ANOVA table above was calculated when assuming α=0.05. It shows that CSR and the other variables are highly significant since the sig. value is 0.000. Therefore, manufacturing companies in Nigeria performed a positive CSR in the workplace and local community.

**CSR issues addressed by Nigerian manufacturing companies**

Table 24 below shows that companies covered in the survey channel their CSR efforts to support for education (which scored 40.4 valid %). Another area of high commitment by Nigerian companies is healthcare, which scored 30.8 percent.

**Table 24.** Functional area of CSR commitment by Nigerian manufacturing companies

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructures</td>
<td>13</td>
<td>2.8</td>
<td>8.9</td>
<td>8.9</td>
</tr>
<tr>
<td>Support for Education</td>
<td>59</td>
<td>12.6</td>
<td>40.4</td>
<td>49.3</td>
</tr>
<tr>
<td>Water Project</td>
<td>6</td>
<td>1.3</td>
<td>4.1</td>
<td>53.4</td>
</tr>
<tr>
<td>Healthcare</td>
<td>45</td>
<td>9.6</td>
<td>30.8</td>
<td>84.2</td>
</tr>
</tbody>
</table>
Lastly, it was discovered that Nigerian manufacturing companies supported the educational goals of both government and the local community as part of their CSR practice. 40.4% of total CSR funds was invested to provide support for education, 30.8% was invested in healthcare, while 15% was invested in poverty alleviation. Minimal attention was paid to infrastructural development, with only 8.9% of total CSR funds being invested in that area.

Summary of findings

Using correlation, regression, and analysis of variance, the tests carried out above found that
1. CSR is relevant to the management of business
2. there is a link between CSR and business performance and
3. Nigerian manufacturing companies performed social responsibility.

Conclusions

Summary of findings

In this research, reference was made to the existing secondary research literature, especially as it concerns the relevance of CSR to the management of business and its relationship to outcomes, or business performance in the area of profit. Results of the analysis show that CSR is a relevant concept that the management of business can practice to ensure the long-term sustainability of its business. CSR is indeed a viable ‘business model’. The current research also found that a strong relationship exists between CSR and business performance in the specific situation of contemporary Nigeria. The implication is that Nigerian companies that perform genuine (not greenwashed) CSR will acquire social capital, commanding the assent of Nigerian society at large. This license to trade, as it has been called, can then be used as a source of competitive advantage and become a stream of profit over a period of time. The surveyed Nigerian manufacturing companies performed social responsibility to an acceptable extent. Their specific approach to implementing CSR activity does not corroborate with any stated CSR guideline or received model of CSR implementation. What they do is typically a philanthropic act. The significant differences observed in the impact of CSR on corporate strategy suggest that philanthropic acts by Nigerian companies are borne out of socio-cultural and ethno-religious beliefs that are quite specific to the host (federated) Nigerian societies or are, more simply, driven from sympathy for the less privileged.

Conclusions

Corporate social responsibility is regarded by many as a necessary practice. The attitude of some indigenous Nigerian companies to social responsibility suggests otherwise – a voluntary, discretionary activity. Hence, this research set out to examine the purpose and effectiveness of CSR, and whether it is relevant to the management of business in the specific context of contemporary Nigerian society. The literature review shows that CSR in the Nigerian context is more of a philanthropic nature and its practice is tied to cultural and religious beliefs. The analyzed survey data produced results which corroborates with the findings of a great deal of the previous research in this field. From the Nigerian perspective, CSR practice is highly relevant to business. Genuine commitment to CSR would potentially increase the profitability of business.

References


