AGGREGATE ANALYSIS OF CORPORATE SOCIAL RESPONSIBILITY AMONG SMALL BUSINESS OWNERS IN NIGERIA

Olamitunji Dakare, Ph.D
**Department of Business Administration,
School of Management and Social Sciences,
Pan-Atlantic University, Lagos, Nigeria**

Abstract

This study is aimed at investigating the effects of corporate social responsibility (CSR) activities on the performance of small businesses in Nigeria. A cross-sectional survey research design was adopted with the use of primary data, which were gathered with the aid of a questionnaire. The questionnaire was structured to elicit information from respondents. Four hundred and eighty-five (485) copies of the questionnaire were administered on the respondents usingboth cluster and purposive sampling techniquesto select the sample used for this study. The Pearson Product Moment Correlation and Multiple Regression Model were the statistical tools used to test the formulated hypothesis at 5% level of significance. The findings reveal that all the independent variables are significant and they have a positive impact on the performance of small businesses' owners in Nigeria. However, ethicalCSRactivities ($\beta = 0.373$) has the highest impact on the performance of small businesses' owners in Nigeria. Based on the findings, the study recommends that, small businesses owners in Nigeria should focus more on their ethical responsibilities as well as carry out other CSRactivities in order for them to gain and sustain optimal performance.

Keywords: Corporate Social Responsibility (CSR), Ethical, Philanthropic, Environmental, Performance, Small business owners

The concept corporate social responsibility (CSR) has now become a major factor in ensuring business sustainability in the 21st century. Meanwhile, traditional economists have argued that managers need to make strategic decisions that will help their firms maximize wealth by always maximizing the present value of the firm's future

cash flow(Dahlsrud & Dahlsrud, 2008). This brings to the front burner whether or not firms should engage in socially responsible activities. The concept of Corporate Social Responsibility (CSR) is one that is now an integral part of the sustainability development objectives multinationals and other businesses set to remain relevant and successful. Although the concept of CSR has existed for more than half a century, it is important to note that a generally accepted definition still does not exist. CSR generally refers to 'business practices that are based on ethical values, in compliance with legal regulations, and respect for people and the environment'(Dahlsrud & Dahlsrud, 2008). It can also be referred to as organisational efforts aimed at making sustainable community development to the society.

The relationship between social welfare and company profitability today constitutes one of the main subjects of study and research on the theme of social responsibility'(Lin, Yang and Liou, 2009). As Odetayo, Adeyemi and Sajuyigbe(2014) pointed out, modern business organizations are expected not only to maximize profit but also need to be socially responsible to their host communities. That is, both multinational firms and small businesses should be involved in diverse community services that are geared towards adding value to the community. These actions prove and emphasize the fact that businesses do not operate in isolation and as such must interact with their external environment in a "semi-transactional" manner.

Considering the importance of CSR initiatives towards business success, extant studies have investigated the link between CSR and firms' performance from many perspectives. Examples such are the connection between CSR activities and profitability(Bhaduri and Selarka 2016); consumer behavior (Bruno, 2007), firm value, sales and market share among others. Most of these studies have statistically yielded positive results between CSR initiatives and firm performance (Iwu-Egwuonwu, 2011). Despite, the scholarly contributions to CSR-firm performance relationship, majority of these studies have focused mainly on multinational firms and other large businesses (Bhaduri and Selarka 2016) very little is heard on CSR effects and small business performance more especially within the Nigeria context. Keeping this in mind, this present study seeks to explore the relationship between CSR dimensions (namely environmental activities, ethical activities and philanthropic activities) and the performance of small business owners in Nigeria.

Literature Review
2.1 Corporate social responsibility
According to Carroll, Kareem and Shabana (2014) the concept of corporate social responsibility (CSR) can be traced to have originated between 1945 and 1960.

Despite the fact that the concept of CSR has existed for more than half a century; there is still no generally accepted definition to describe this concept. As Dahlsrud and Dahlsrud (2008) pointed out, CSR has been argued by some scholars to mean business practices that are based on ethical values, compliance with legal regulations, and respect for people and the environment. Meanwhile, Amaeshi, Adi, Ogbechie and Amao (2006) maintained that the foundational definitions of CSR focus primarily on local realities where infrastructure and other basic human amenities are luxurious, hence CSR was at the time viewed as philanthropy. Consequently, CSR to this school of thought means giving back to the society, somewhat synonymous with Altruism.

Furthermore, Bhaduri and Selarka (2016) reported that prior to the emergence of CSR, businesses were deemed exploitative and "socially irresponsible". However since its birth, the need for businesses to be socially responsible has been highly emphasized. This explains why CSR has influenced and remodeled the dynamics of doing business. This concept of doing business became popular in the 20th century but it is pertinent to note that its roots can be traced back to the 19th century. It is important to recognize that the earliest corporations had public goals and interests along with their private economic benefits in mind when they carried out their business activities (Bruno, 2007). Therefore, CSR concept is not novel because it can be related to the core principles of business that companies have, which include other objectives and obligations to the society rather than just profit maximization (Carroll *et al.,* 2014)Meanwhile, the different interests in CSR has led to various understandings and definitions of the subject as well as to several threads and directions in research and outcome (Yusuf, Mcardle & Banjoko, 2013). For instance, some of these studies include CSR initiatives and profitability (Yewande, 2014);link between CSR activities and consumer behavior (Bruno, 2007)., firm value, sales and market share, among others. The findings of these studies have yielded positive results(Iwu-Egwuonwu, 2011).

However, the empirical enquiry of Amaeshi *et al.* (2006) concluded that most studies on CSR within the Nigeria context have concentrated on CSR-multinationals relationship, very little is heard on indigenous Nigerian Companies on CSR, more especially among small businesses in Nigeria. As such it has become a major operational activity for not only multinationals but also small businesses since they both owe such corporate and social responsibilities to their internal and external society. The above premise therefore underscores the relevance of this study.

This study however, integrates three dimensions of CSR activities elements to measure performance of small business owners in Nigeria; environmental activities, ethical activities and philanthropic activities. The environmental activities include: efforts towards waste disposal, emphasis on renewable energy and recycling, obedience

of local and international environmental laws, etc. The ethical activities include; safety and well-being of employees, treatment of customers, methods and the nature of advertising and promotions, attending to customer demands etc. while, the philanthropic activities include; donations to charity, community service projects, provision of education and health aids and provision of products/services at little to no cost to the needy.

2.2Small business in the context of Nigeria

In the Nigeria context, there is neither a clear nor a general accepted definition either by legislation or any other government instruments on what should be the definition small and medium enterprises. The available definitions are rather contradictory. For instance, Adisa, Abdulraheem and Mordi(2014) observed that in defining a small business in within the context of Nigerian business environment, understanding the benefits, size, and components of small businesses to citizens' life are the crux. For Epkenyong and Nyong (1992) there is no clear distinction between a small-scale business and a medium-scale business. According to the CBNin 2010, 'a small and medium enterprise (SMEs) is a business with an asset base of between 5 and 500 million naira, and staff strength of between 11-300 people'. For National Bureau of Statistics (NBS) and Small and Medium Enterprises Development Agency of Nigeria (SMEDAN)in 2015, 'small enterprises are those enterprises whose total assets (excluding land and building) are above 5 million Naira but not exceeding 50 Million Naira with a total workforce of above 10, but not exceeding 49 employees'.

However, in this study we conceived small business to mean any business with the size of less than fifty employees. This definition seeks to narrow the scope of this study to the typical small-scale business we find in the country in order to reduce the effects of possible complexities in distinguishing small businesses for medium scale enterprises as presented by many definitions.

2.3Empirical Perspective

Extant empirical studies on how CSR influence firm performance are abounding in business and management literature. Most of these studies have reported that positive economic consequences exit between CSR and firm performance. Walker concluded that the effect of CSR activities and fans' assessments of reputation and patronage intentions in the sports industry is overwhelming and positive. Although research into the relationship between CSR and financial performance has been on-going since the 1960, a consensus over the nature of the relationship between these variables has not been reached and as such many studies have reveal many positive and negative results

(Cochran & Wood, 1984). Mcguire, Sundgren & Schneeweis (1988) study on Fortune magazine's annual survey of corporate reputations suggests that businesses prior performance assessed by both stock-market returns and accounting-based measures, is more closely related to corporate social responsibility than is subsequent performance.

Recent studies have operationalized CSR in the context CSR initiatives and stakeholders' perceptions (Donia, Tetrault Sirsly and Ronen, 2017). These stakeholders' perceptions on CSR initiatives have propelled the increased involvement of businesses in society development activities. Literatures have shown that stakeholders' perceptions and CSR initiatives have positively impacted firm performance (Stancu *et.al.*,2011).The empirical enquiry of Lombardo(2011) opined that investing in socially responsible activities has a positive impact on customer purchase and consumption behaviour. As Russo and Perrini (2009) pointed out, this perception depends on the ethical standard of the product and how sustainable the product in question is.

2.4. Conceptual framework

There are three dimensions of CSR activitiesthat served as independent variables under the CSR concept which consist of environmental activities, ethical activities and philanthropic activities. Meanwhile, the dependent variable reflects the outcome of the research study, which is performance of small business owners. Those variables are used as the study setting in investigating the relationship between CSR activities and the performance of small business owners in Nigeria as illustrated in Fig. 1.
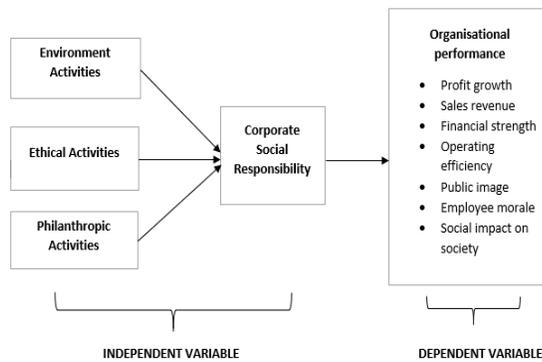

Fig. 1 Conceptual Framework

2.5 *Hypotheses*

Based on the review of the related literature, the following research hypotheses are developed:

H_1**:**There is no significant relationship between philanthropic CSR activities and the performance of small businesses' owners in Nigeria.

H_2**:**There is no significant relationship between environmental CSR activities and the performance of small businesses' owners in Nigeria.

H_3**:**There is no significant relationship between ethical CSR activities and the performance of small businesses' owners in Nigeria.

H_4**:** Philanthropic, environmental and ethical CSR activities do not predict the performance of small businesses' owners in Nigeria.

Methodology

Survey research design was adopted in this study to investigate CSR activities and its relationship with the performance of small business owners in Nigeria. The research area was Lagos State, Nigeria and the population for this study was made up of all the small businesses owners in Lagos state Nigeria. In order to avoid selection and representativeness bias, this study adopted both cluster and purposive sampling techniques to select the sample used for this study from the registered SMEs within the following sectoral groups (manufacturing, trade, construction, agriculture, services, computer & office equipment,hotel & restaurant, transport & storage, wholesale & retailing, and others) within Lagos state, Nigeria. The sampling frame was drawn from SME institutions in Nigeria, such as SMEDAN, NASME, MAN, ANE, NASSI, and NACCIMA. The research instrument, titled "Corporate Social Responsibility and the Performance of Small Business Owners Questionnaire (CSRPSBOQ)", was used to gather data for the study. A structured questionnaire comprising of demographic profile and twenty-two-items statements was developed to measure three dimensions of CSR activities constructs(environmental activities, ethical activities and philanthropic activities) and performance of small business owners. Four hundred and eighty-five (485) copies of a questionnaire were administered and 312 copies were returned, representing a 64.33% response rate, considered quite satisfactory for the study. A test–retest method was adopted for the purpose of testing the reliability of the instrument for this study. A correlation coefficient of 0.782 was obtained through the use of split-half reliability method, which showed that the instrument had a strong reliability.

Data Analysis and Results

TABLE 1. Respondents' Demographic Variables

Variable	Value Label	Respondents (%)	Total
Gender	Male	116(37.2)	312(100%)
	Female	196(62.8)	
Age	30 years and below	56(17.9)	312(100%)
	31-40 years	68(21.8)	
	41-50 years	100(32.1)	
	51-60 years	64(20.5)	
	60 and above	24(7.7)	
Sectoral Group	Manufacturing	19(6.1)	312(100%)
	Trading	83(26.6)	
	Construction	9(2.9)	
	Transport & Storage	10(3.2)	
	Agriculture	28(9.0)	
	Service	31(9.9)	
	Hotel & Restaurant	22(7.1)	
	Wholesales & Retailing	78(25.0)	
	Computer & Office Equip.	11(3.5)	
	Others	21(6.7)	
Age of Organisation	1- 5 years	140(44.9)	312(100%)
		81(26.0)	
	5-10 years	48(15.4)	
		25(8.0)	
	11-15 years	18(5.7)	
	16-20 years		
	More than 20years		
Education	Post-Graduation	46(14.8)	312(100%)
	Degree	143(45.8)	
	Diploma	65(20.8)	
	Certificate	54(17.3)	
	Others	4(1.3)	

The descriptive data analysis shows that the majority of the respondents were female (62.8%), while only (37.2%) of the respondents were male. The above Table shows that the survey for this study has been gender-sensitive. Therefore, data collected through such a survey can be considered comprehensive and reliable. The optimum age of the respondents is between 41 and 50 years (32.1%). The Table shows that the survey has adequately covered small business ownersfrom a wide range of industries in which they operate. The Table, however, shows that 6.1% of the respondents are into manufacturing, 26.6% are into trading, 2.9% are into construction, 3.2% are into transport and storage, 9.0% are into agriculture, 25.0% are into wholesales and retailing, 9.9% are into services, 3.5% are into computer and office equipment, 7.1% are into hotel and restaurants, while 6.7% are into other sectors. The predominance of small business

owners in the trading industry can be attributed to the relatively low capital requirement. The descriptive analysis also shows that 44.9% of the respondents have been in operation for between 1 and 5 years, 26.0% have been in operation for 6-10 years, 15.4 % have been in operation for 11-15 years, 8.0% have been in operation for 16-20 years, and 5.7% have been in operation for more than 20 years. This result indicates that the small business owners in this study have relevant business experience to be able to provide data on CSR activities and the performance of small businesses in Nigeria. The Table also shows that the respondents are all sufficiently educated to be able to respond adequately to the questions posed in the questionnaires.

In order to verify the first three hypotheses of this studythe Pearson's Product Moment correlation was used to test these hypotheses. The results of Pearson's correlation matrix are reported in Tables 2. As it can be seen in Table 2, the findings reveal that philanthropic CSR activities havesignificant effect on the performance of small businesses' owners in Nigeria (R=0.241, p< 0.033) therefore, H_1 is rejected. The results of this study also showed that environmental CSR activities has a significant positive effect on the performance of small businesses' owners in Nigeria (R=0.265, p< 0.019), and this means that H_2 is rejected. This study also confirmed that ethical CSR activities has significant positive effect onthe performance of small businesses' owners in Nigeria (R=0.406, p< 0.000), thus, H_3 is rejected.To test hypothesis four, the linear regression analysis was carried out to determine the strength of relationship among CSRactivities (i.e. ethical, philanthropic and environmental CSR activities) andthe performance of small businesses' owners in Nigeria.As it can also be seen in Table 3,the R-Square is 0.203 while F value is 6.295 with sig level of 0.000. This implies that the regression equation achieved a satisfactory level of goodness of fit in explaining the variation in the dependent variable by the independent variables in the study. From the results, the independent variables explained 20.3% of variation in the dependent variable. All the independent variables are significant and they have a positive impact on the performance of small businesses' owners in Nigeria,ethical CSR activities (β = 0.373) has the highest impact on the performance of small businesses' owners in Nigeria followed by philanthropic CSR activities (β = 0.183)and lastly environmentalCSR activities (β = 0.030). Consequently, the null hypothesis was rejected, considering the fact that the regression co-efficient (Beta) values in Table 3 revealed that all the independent variables are significant and they have a positive impact on the performance of small businesses' owners in Nigeria.

Table 2. Summary of Pearson's Correlation Matrix Results for H_1 to H_3

Variables	Performance	Philanthropic	Environmental	Ethical
Performance	1			
Philanthropic	0.241*	1		
Environmental	0.265*	0.479**	1	
Ethical	0.406**	0.117	0.394**	

*. Correlation is significant at the 0.05 level (2-tailed)
**. Correlation is significant at the 0.01 level (2-tailed)

Table 3. Summary of Multiple Regression Results for H_4

Variable	H_4 (Performance) Regression Coefficient	-ratio
Constant (α)	13.412	6.509**
Philanthropic	0.183	1.543*
Environmental	0.030	0.235*
Ethical	0.373	3.287**
R- Square	0.203	
Adjusted R Sq	0.171	
F statistic	6.295**	
Std. Error of the Estimate	3.43644	
No of observation	312	

 * Significant at the 5% level; ** Significant at the 1% level.

Discussion and Conclusion

This study aimed at investigating the effects of corporate social responsibility (CSR) activities on the performance of small businesses in Nigeria. The findings revealed that all the independent variables are significant and they have a positive impact on the performance of small businesses' owners in Nigeria. However, ethical CSR activities have the highest impact on the performance of small businesses' owners

in Nigeria. This could be attributed to the fact that most small business owners in Nigeria now have better understand that in order for them to gain and sustain optimal performance in a highly competitive landscape and more especially where they big firms as their competitors that have more resources than they do, the way out is to improve on their ethical practices/activities such as offering the best customer services as well as providing other stakeholder satisfying activities. These ethical practices tend to increase the performance of these small businesses. Additionally, small business owners have seen the need to motivate their employees and improve their operational efficiency which could produce financial and non-financial benefits for the businesses.

The findings of this study also show that philanthropic CSR activities have significant positive impact on the performance of small business owners. The result was supported by a number of scholars (Peter, 2017;Luis-Enrique, 2017; Gonzalo, Sandraand Gabriela, 2016) who confirmed that philanthropic CSR activities is one of the most important CSR drivers which makes SMEs to have a strong identification with the community that serves. Therefore, small businesses that meet CSR obligations such as providing sports, health and education, donations, and other philanthropy giving will safeguard business success. Furthermore, Russo and Perrini (2009) maintained that the perception of customers of small business owners about their philanthropic CSR activities is also an important determinant of customers of small business owners' decision regarding whether to maintain their relationships with the service providers by the small business owners or switch to others. Udayasankar (2008) added that among CSR activities factors, philanthropic factor tends to help small business owners to achieve their long-term survival.

Finally, the findings indicated that environmental CSR activities have a significant positive effect on the performance of small business owners in Nigeria, and this is consistent with the theory of sustainability that maintained that when an organization develop CSR activities that focuses on safeguarding the natural environment, such organisation will achieve better economic and financial results (Klewitz and Hansen, 2014; Welford, 2013). Gonzalo *et al.,* (2016) also maintained that small businesses should not only carry out CSR activities that are beneficiary to employees, clients, suppliers and the community at large, but also implement CSR activities that take care of the environment surrounding of small businesses and its locality.

This paper has some limitations which would provide opportunities for future researches. First, the main focus of the study was restricted to small businesses in Lagos, Nigeria and only small business owners/managers operating in Lagos state, Nigeria, were interviewed, and it was assumed that they have good knowledge of CSR and

performance of their organization. Therefore, future studies can extend the scope and be conducted at different areas in the country by including a different sample that include suppliers, clients and customers in order to test their acknowledgment of CSR in small businesses. Moreover, the data were gathered through quantitative survey using structured questions; thus, future studies can employ other research methodology to confirm the findings. Finally, only three independent variables (philanthropic, ethical and environmental)were examined in this study; hence, future researches can incorporate other dimensions or a new scale to corroborate this investigation results.

References

Adisa, T. A., Abdulraheem, I. and Mordi, C. (2014). The characteristics and challenges of small businesses in Africa : An exploratory study of Nigerian small business owners. *Economic Insights*, 3(LXVI)(4), pp. 1–14..

Amaeshi, K. M. *et al.* (2006) Corporate social responsibility in Nigeria: Western mimicry or indigenous influences ? *Journal of Corporate Citizenship*, (24), pp. 83–99. doi: 10.2139/ssrn.896500.

Bhaduri, S. N. and Selarka, E. (2016). Corporate governance and corporate social responsibility of Indian companies', pp. 11–33. doi: 10.1007/978-981-10-0925-9.

Bruno, M. (2007). Corporate social responsibility. *Wall Street Journal*, (1). doi: 10.1007/978-3-642-25399-7.

Carroll, A. B., Kareem, K and Shabana, M. (2014) Higher education institutions and social performance: Evidence from public and private universities. *International Journal of Business and Society*, 15(1), pp. 1–18. doi: 10.1111/j.1468-2370.2009.00275.x.

Central Bank of Nigeria (2010).*First annual monetary policy conference on growing the Nigerian economy*. Abuja: CBN Press, Nigeria.

Cochran, P. L. and Wood, R. A. (1984). Corporate social responsibility and financial performance. *The Academy of Management Journal*, 27(1), pp. 42–56. doi: 10.1108/14720700510604760.

Dahlsrud, A. and Dahlsrud, A. (2008). How corporate social responsibility is defined: An Analysis of 37 Definitions. *Corporate Social Responsibility and Environmental Management*, 13, pp. 1–13. doi: 10.1002/csr.

Donia, M. B. L., Tetrault-Sirsly, C. A. and Ronen, S. (2017). Employee attributions of corporate social responsibility as substantive or symbolic: Validation of a measure. *Applied Psychology*, 66(1), pp. 103–142. doi: 10.1111/apps.12081.

Iwu-Egwuonwu, R. C. (2011). Corporate reputation and firm performance: Empirical literature evidence. *International Journal of Business and Management*, 6(4), pp. 197–206. doi: 10.5539/ijbm.v6n4p197.

Epkenyong, D.B. and Nyong, M.O.(1992).*Small and medium-scale enterprises in Nigeria: Their characteristics, problems and sources of finance*. Nairobi: African Economic Research Consortium.

Gonzalo, M.G., Sandra Y.P. and Gabriela, C.L. (2016). Corporate social responsibility and business performance: The role of Mexican smes. *International Journal of Asian Social Science,* 6(10): 568-579.

Klewitz, J., and Hansen, E. G. (2014). Sustainability-oriented innovation of SMEs: a systematic review. *Journal of Cleaner Production,* 65, pp.57-75. https://doi.org/10.1016/j.jclepro.2013.07.017.

Lombardo, R. (2011). The role of corporate social responsibility in consumer behaviour: An unresolved paradox', pp. 1–14. Available at: http://www.ecostat.unical.it/repec/workingpapers/WP15_2011.pdf.

Lin, C., Yang, H. and Liou, D. (2009). Technology in society the impact of corporate social responsibility on financial performance : Evidence from business in Taiwan. *Technology in Society*, 31(1), pp. 56–63.

Luis-Enrique, V. J. (2017). Corporate social responsibility: Its effect on smes. *Journal of Management and Sustainability,* 7(3), pp.75-89.

Mcguire, J.0 B., Sundgren, A. and Schneeweis, T. (1988). Corporate social

responsibility and firm financial performance. *Academy of Management Journal*, 31(4), pp. 854–872. doi: 10.2307/256342.

National Bureau of Statistics and Small and Medium Enterprise Development Agency of Nigeria (2015).*Micro, small and medium enterprise national survey 2013.* Abuja: NBS and SMEDAN.

Odetayo, A., Adeyemi, S. and Sajuyigbe, S. (2014) Impact of corporate social responsibility on profitability of Nigeria Banks. *International Journal of Academic Research in Business and Social Sciences*, 4(8), pp. 252–263. doi: 10.6007/IJARBSS/v4-i8/1094.

Peter. K. T. (2017). Small and medium-sized enterprises (SMEs) engagement in corporate social responsibility (CSR) in developing countries: Literature review. *African Journal of Business Management,* Vol. 11(18), pp. 464-469.

Russo, A. and Perrini, F. (2009). Investigating stakeholder theory and social capital: CSR in large firms and SMEs. *Journal of Business Ethics*, 91(2), pp.207-221.

Stancu, A, Grigore, G. F. and Rosca, M. I. (2011). The impact of corporate social responsibility on employees. *International Proceedings of Economics Development and Research (IPEDR)*, 21(45), pp. 11–16. doi: 10.1109/ICIII.2013.6702926.

Udayasankar, K. (2008). Corporate social responsibility and firm size. *Journal of Business of Ethics,* 83(2), pp.167-175.

Walker, M. and Kent, A. (2009). Do fans care? Assessing the influence of corporate social responsibility on consumer attitudes in the sport industry. *Journal of Sport Management*, 23, pp. 743–769. doi: 10.1123/jsm.23.6.743.

Welford, R. (2013). *Hijacking environmentalism: Corporate responses to sustainable development.* London: Routledge.

Yusuf, Y. Y., Mcardle, L. & Banjoko, G. (2013). Corporate social responsibility in Nigeria's oil and gas industry : The perspective of the industry Corporate social responsibility in Nigeria ' s oil and gas industry : the perspective of the industry

Ahmed Musa *, Yahaya Yusuf , Louise McArdle and Gbe', (January). doi: 10.1504/IJP MB.2013.057722.