International Journal of Corporate Social Responsibility and Management
Volume1, Issue 2 2025

An Analysis of the Elements Affecting Corporate Social Responsibility in Nigerian Manufacturing Organizations

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Research Article

Date of Submission: 14-02-2025 **Date of Acceptance: 10-03-2025** **Date of Publication: 11-04-2025**

Abstract
In a world where competition is fierce, corporate social responsibility has been acknowledged as a tool for survival. This study examined the variables that affect corporate social responsibility in Nigerian manufacturing firms. All employees of the chosen manufacturing businesses in Ibadan (Nigerian Breweries, Nigerian Bottling Company, Procter and Gamble, Yale Nigeria Limited, and Eagle Flour Mill) were included in the study's population. Ten (10) respondents from each business were chosen using the purposeful sampling approach, for a total of fifty respondents. The data was analyzed using multiple regression using SPSS version 20. Competition, employee demand, government policy, corporate culture, and consumer demand were shown to have an impact on CSR activities (β = 0.547, 0.34, 0.044, 0.017, and 0.008, respectively). According to the research, corporations should treat social performance with great care since it is an enlightened self-interest.

Keywords: Nigeria, CSR, Manufacturing, Competition, and Customers

Introduction

commercial organizations across the world have acknowledged corporate social responsibility (CSR) as a critical component of commercial success. Numerous scholars (Adegboyega and Taiwo, 2011; Kenneth et al, 2010; Greening and Turban, 2000; Fombrun, Gardberg, and Barnett, 2000; Sen and Bhattacharya, 2001) have contended that improved social performance could result in better resources, better personnel, better product and service marketing, and even the creation of unanticipated opportunities. They also agreed that improved social performance may work similarly to advertising, either by lowering consumer price sensitivity or by raising general demand for goods and services. Positive social performance might lower the amount of waste in productive processes, according to Konar and Cohen (2001). According to Helg (2007), CSR has the capacity to positively impact both corporate and societal growth. Furthermore, by safeguarding and improving a company's image, CSR tactics may improve performance, according to stakeholder management theories (Fombrun, 2005 and Freeman et al., 2007).
According to Carroll (1979), there are four primary components to corporate social responsibility: legal obligations to the government or the law, ethical obligations to society, discretionary obligations to the community, and economic obligations to investors and customers. According to Meehan et al. (2006), corporate social responsibility is a multifaceted concept that encompasses "a business organization's configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm's social relationships."

Many firms in Nigeria used corporate social responsibility (CSR) as nothing more than window dressing. Many people think that corporate social responsibility (CSR) initiatives are just corporate brand promotion activities (Osemene, 2012). Because many Nigerians are unaware of corporate social responsibility (CSR), companies and their management are praised for their compassion and generosity anytime they do anything "supposedly big" for society (Fombrum, 2005). Osemene (2012) claims that many Nigerian organizations are motivated by the desire to increase profits at the expense of other stakeholders, while others fail to sufficiently address the requirements of host communities, employee welfare, environmental preservation, and community development. According to research, every company that incorporates CSR into its policy may benefit from increased profitability, sustainability, integrity, and reputation.

Adegboye and Taiwo (2011) found that business entities are under pressure to be more responsive in their contributions to the environment and society as a result of the recent actions of civil society groups. This research paper's primary goal is to examine the variables that affect Nigerian manufacturing businesses' adoption of corporate social responsibility.

Literature Review

According to Kenneth et al. (2010), there are many similar ideas and terminology that may be used interchangeably with the term corporate social responsibility (CSR). "Corporate Social Responsibility is an ill- and incompletely defined concept," according to Baron (2001)."CSR is the commitment of a 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," according to a definition put forth by the World Business Council for Sustainable Development (WBCSD) in 2004. The community, the environment, human rights, and employee treatment are among the components that are often included in empirical research on corporate social responsibility (CSR). Some of these components concentrate on stakeholders, while others are related to societal issues. Four sorts of CSR theories and associated methods were identified by Garriga and Melé (2004), referenced in Lei (2011): 1) instrumental theories, which see the firm as just a tool for generating income. This area includes Friedman's shareholder approach, the resource-based strategy, and the strategic CSR approach; 2) political theory, which addresses the political influence of firms in society. This group includes, for example, the corporate constitutionalism approach to corporate citizenship and corporate social responsibility; 3) integrative theories that focus on meeting social demands, such as the community obligation approach, the social obligation approach, CSP, and the stakeholder approach; and 4) ethical theories that center on the moral obligations of corporations to society, such as the stewardship approach, the normative approach, and contemporary CSR paradigms.

Table 1
Evolution of The Concepts of Corporate Social Responsibility (Csr)

Source	Concept	Focus
Prior CSR		
Sheldon, 1924	"The cost of building the Kingdom of Heaven will not be found in the profit and loss accounts of industry, but in the record of every man's conscientious service."	Ethical Management
Barnard, 1938	Analysis of economic, legal, moral, social and physical aspects of the business environment.	Multiple Aspects
Simon, 1945	Organizations must be responsible to community values.	Community Relationship
1950s: beginning of CSR		
Drucker, 1954, Selznick, 1957	"Corporate responsibilities as an obligation to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society."	Social Obligation
1960s: definition expanding		
Davis, 1960	"Social responsibilities of businesses arise from the amount of social power that they have."	Corporate constitutionalism

Friedman, 1962	The social responsibility of business is to increase its profits.	The shareholder approach
Walton, 1967	"Social responsibility recognizes the intimacy of the relationships between the corporation and society and realizes that such relationships must be kept in mind by top managers as the corporation and the related groups pursue their respective goals."	Essential element of CR
1970s -1990s: definition proliferating		
Friedman, 1970	CSR is indicative of self-serving behaviour on the part of managers, and thus conflicts to shareholder benefit.	Agency theory
Jones, 1980	CSR as "the notion that corporations have an obligation to constituent groups in society other than shareholders and beyond that prescribed by law or union contract."	Social Obligation
Fombrun and Shanley, 1990	Companies should consider CSR as an element of corporate strategy.	Strategic CSR
Costin, 1999	CSR as the basic expectations of the company regarding initiatives that take the form of protection of public health, public safety, and the environment.	Initiative view
21st century: shifting from 'What' to 'How'		
Matten and Crane, 2005	"Corporate citizenship describes the role of the corporation in administering citizenship rights for individuals."	Corporate Citizenship
Lindfeldt and Törnroos, 2006	At corporate level, ethics includes issues on the sustainability of finances, the environment and society.	Sustainability
Meehan et al., 2006	Three elements are: ethical and social commitments, connections with partners in the value network, and consistency of behavior over time to build trust.	3C-SR model

Source: Lei (2011)

Factors Influencing Involvement in Corporate Social Responsibility

Businesses are created to provide the products and services that the public needs and desires. According to Windsor (2001), social responsibility is attained when a business complies with the standards and expectations of social performance that are prevalent in a particular community. Only when a business organization is very successful, efficient, and has socially conscious goals can it completely contribute to society (Coldwell, 2001). External stakeholders, such as communities and societies with broad expectations or governments with specific needs of social legitimacy, make demands for corporate social responsibility (CSR) (Wood, 1991). Employee moral and relational requirements are among the internal stakeholders' demands for corporate social responsibility (CSR) (Aguilera, Williams, Conley, & Rupp, 2006). Osemene (2012) found that pressure groups, consumers, rivals, service quality, and regulatory requirements are the main sources of demands for corporate social responsibility. Onwuegbuchi (2009)

concurred that the host community, regulatory requirements, rivals, and the ethics of the company or organizations are the sources of demands for corporate social responsibility. Furthermore, researchers (Maignan & Ralston, 2002) have asserted that the propensity for socially conscious business practices varies by country and that further study is required to understand why.

Benefits Of Incorporating Corporate Social Responsibility To An Organisation

According to Osemene (2012), every organization that uses CSR may profit. higher brand value, easier access to financing, a safer and healthier workplace, improved risk management and corporate governance, motivated individuals and communities, consumer loyalty, higher stakeholder confidence and trust, improved public image, and economic success are a few of these. He continued by saying that any company that integrates corporate social responsibility (CSR) into its basic operations is not directly benefiting society, but rather indirectly opening up additional opportunities for the company's expansion, prosperity, and profitability. If CSR is not included, reputational harm may result. According to Elizaveta (2010), CSR businesses draw in top talent and increase their clientele. Additionally, Diffey (2007) thought that customers would rather do business with companies who are aware of CSR. Mirfazli's (2008) findings are consistent with those of previous academics who found that a company would suffer more negative effects than positive ones if it fails to fulfill its social obligations. He continued by saying that an organization's finest employees are drawn to and retained by its ethical obligations.

Methodology

The study is a descriptive field study conducted through personally administrative questionnaire. The population of the study covered all the staff of the selected manufacturing companies in Ibadan (Nigerian Breweries Plc, Nigerian Bottling Company, Procter and Gamble, Yale Nigeria limited and Eagle Flour Mill). Purposive sampling method was used to select ten (10) respondents from each organization totaling 50 respondents. In order to test the reliability and validity of the instrument, a test – retest method was used and the instrument was given to professionals for scrutiny and evaluation. Multiple regression was used to analyze the data with the aid of SPSS version 20.

Model specification

Mathematically the model is expressed as:

CSR = f (X1, X2, X3, X4, X5, X6) + U1 (1)

Where

CSR = adoption of CSR

X1 = organizational culture X2 = competition

X3 = pressure groups X4 = government policy

X5 = customer's demand X6 = employees' demand U1 = stochastic error term

The adoption of CSR (dependent variable) was regressed against the listed factors (independent variables) in order to determine the degree of influence of these factors and their impact on CSR activities.

Data Analysis And Result Interpretation

Table 1

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.796[a]	.633	.581	.32689	1.563

a. Predictors: (Constant), Employee demand, Organisational culture, Government policy, Customer demand, Presure group, Competition

b. Dependent Variable: Corporate social responsibility

Table 2

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	7.757	6	1.293	12.098	.000[b]
	Residual	4.488	42	.107		
	Total	12.245	48			

a. Dependent Variable: Corporate social responsibility

b. Predictors: (Constant), Employee demand, Organisational culture, Government policy, Customer demand, Presure group, Competition

Table 3

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.258	1.062		1.184	.243
	Organizational culture	.017	.104	.017	.161	.873
	Competition	.561	.116	.547	4.836	.000
	Pressure group	-.180	.107	-.180	-1.676	.101
	Government policy	.004	.009	.044	.455	.651
	Customer demand	.008	.110	.008	.071	.944
	Employee demand	.301	.099	.340	3.046	.004

a. Dependent Variable: Corporate social responsibility

Table 1, 2 and 3 show that organizational, competition, pressure group, government policy, customer demand and employees demand were significant joint predictors of adoption of CSR with R2 = 0.633; F (6, 42) = 12.098; P <.01. The predictor variables jointly explained 63.3% of the variance of job satisfaction, while the remaining 45% could be due to the effect of extraneous variables. From table 3 it can be deduced that competition has the highest beta (β = 0.547) this implies that business organizations adopt CSR mostly because of competition and follow by employees demand, government policy, organizational culture, and customer demand (β = 0.34, 0.044, 0.017and 0.008) respectively. This result conform to Osemene, (2012) who found that demands for corporate social responsibility come mostly from competitors and from customers, pressure group, service quality and legal requirements. This indicate that business organization adopt CSR because of competitors. This finding agreed with Elizaveta (2010) and Diffey (2007), who claimed that CSR adoption in business organization attracts the best workers and bring more customers to any organization. They went further to add that companies without CSR most often fail sooner or later and that big organizations appear.

Conclusion and Recommendation

The determinants impacting corporate organizations' CSR activity were examined in this study, with a focus on a few manufacturing enterprises in the city of Ibadan.

According to the survey, commercial firms engage in CSR mostly due to competitiveness. In order to survive in a worldwide competitive economy, corporate companies must be socially responsible. The outcome also showed that other significant elements driving CSR include consumer demand, business culture, government legislation, and employee desire.

This shows that engagement in corporate social responsibility (CSR) fosters goodwill for businesses, which over time encourages increased patronage. Additionally, the tension of social responsibility to employees involves treating them beyond the legal terms of their employment contract, which has the potential to boost employee morale, increase productivity, and lower labor turnover.

According to the results, it is advised that business organizations view social performance as an enlightened self-interest and approach it carefully because, in the end, the organization stands to gain far more than the money spent on such a project.

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