Corporate Social Responsibility and the Performance of Consumer Goods Companies in Nigeria

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Abstract
In this study, we investigated the influence of corporate social responsibility on performance of consumer goods companies in Nigeria using three (3) corporate social responsibility variables (social donation, employees; development and community gifting), and one (1) performance variable (Tobin's Q). Descriptive survey research design was used and primary data (questionnaire) was the main instrument of data collection which was administered to 201 employees of consumer goods companies. Data obtained were analyzed using descriptive and inferential statistical tools; the study concludes that there is insignificant relationship between CSR activities on social donations, community gifting, employee development and Tobin's Q. On the basis of the findings, the study recommends the need for regulatory framework of companies in Nigeria to benchmark the extent of corporate social responsibility activities by companies in Nigeria that can increase the market share or value of companies. Also, corporate social responsibility activities and framework should not be made voluntary but obligatory for companies; this would further increase the level of performance. Overall, management of consumer goods companies in Nigeria should increase stances in offering increased corporate social responsobilti8y activities in areas of social donations, community gifting as well as employee development; this may increase Tobin's Q of consumer goods companies.

Keywords: *Corporate social responsibility; Corporate performance; Tobin's Q; Consumer goods companies; Nigeria*
JEL Classification: M14; M49

1.   INTRODUCTION

Over the years, firms have been concerned with how to improve performance; however, while keeping track on this goal, management of firms have undermined how their operations on the environment, employees and consumers can affect the goal of increasing performance. Plausibly, the neglect appears to have sparked up interest of the international organization, national and international governments, together with external pressure from consumers and competitors among others, on the need by firms' management to pay due attention on corporate social responsibility (CSR) (Agyemang, Yusheng, Twum, Ayamba, Kongkuah & Musahl, 2021; Nkwoji, 2021).

In the light of this, management of firms are as a matter of fact compelled to act in line with the legal, environmental, ethical and social frameworks in their operations (Olaniyan, Efuntade & Efuntade, 2021); this has conceivably led to the increased awareness of CSR among firms

and researchers alike. In Africa for instance, Nigeria has taken the lead in ensuring that firms engage in CSR activities. Chebet and Muturi (2018) noted that firms with sound CSR activities/practices develop good corporate image and increased loyalty from employees, customers, suppliers and the society in general. Moreso, empirical studies have revealed that firms that care for their environment and show decent CSR activities/practices boost the purchase preferences of their consumers.

The major problem identified in this investigation is that of a lacuna in accounting literature on whether CSR variables (financial activities on social donations, community gifting, and employees' development) affect firms' performance (Tobin's Q) of consumer goods companies in using primary data (questionnaire). In view of the above identified gap, this study investigated the relationship between CSR and firm performance of selected consumer goods companies in Nigeria.

2. LITERATURE REVIEW

2.1 Corporate Social Responsibility (CSR)

Corporate social responsibility (CSR) is a process whereby firms voluntarily show their contributions to the society, environment and employees in their yearly report. According to Ramdhan, Winarno, Kisahwan, and Hermana (2022), corporate social responsibility (CSR) is the commitment of businesses to improve society and their organisations through a variety of business and social initiatives aimed at providing equitable and long-term benefits to all stakeholders involved in the business's operations.

Similarly, Sanusi and Johl (2020) view CSR as a situation in which businesses incorporate social and environmental factors into their interactions with stakeholders; Singh and Misra (2021) define CSR as the contributions that organisations make to society through their primary business operations, social investment, and philanthropic programs. Thang and Fassin (2016) view CSR as a process by which businesses voluntarily disclose their roles or contributions to the environment, workforce, and society in their financial statements.

Complex issues including disclosure procedures for environmental protection, human resources, relationship with suppliers, consumers and local communities as well as workplace health and safety, are all connected to CSR (Trivellas, Rafailidis, Polychroniou & Dekoulou, 2018). According to Sánchez-Hernández, Vázquez-Burguete, García-Miguélez, and Lanero-Carrizo (2021), CSR activities force businesses to take into account the interests of society by accepting responsibility for the effects their operations have on their customers, shareholders, employees, communities, suppliers, and environment and disclosing this information in the company's annual reports and accounts. According to recent trends, businesses are choosing to communicate social issues to stakeholders in novel methods.

2.2 Corporate Performance (Tobin's Q)

In this study, Tobin's Q was used as a corporate performance variable. A market ratio called Tobin's Q calculates a company's market worth in relation to the cost of replacing its assets.

The connection between CSR activities and performance dynamic such as Tobin's Q is not empirically supported in the literature. However, because management of businesses may wish to present a strong or better market value to both internal and external shareholders, the researcher thinks CSR may have a significant impact on an entity's market value. In management literature, there is lack of studies on the relationship between internal CSR and employees' commitment in both developed and developing nations; however, much has been researched on how external CSR affects employees' commitments, performance and growth of the organization.

For instance, Ramdhan, et al (2022) analyzed the role of internal CSR as predictor of employee commitment in Indonesia using 289 employees. Questionnaire was the major instrument of data collection and the structural equation modelling (SEM) results showed that normative commitments increased and impact adaptive performance. Also, the study showed that internal CSR mediates on the relationship between motivation to serve and normative commitments.

Loor-Zambrano, et al (2022) examined whether intrinsic motivation and organizational trust mediate on the relationship between CSR activities and employees' commitment in Ecuador. A survey of 318 employees were sampled and the SEM results revealed that a positive and significant link between CSR activities and intrinsic motivation and organizational trust. Also, the study showed that intrinsic motivation and organizational trust mediates on the relationship between CSR activities and organisational commitment.

Eman and Gamal (2022) studied the effect of internal CSR on affective commitment and turnover intention as well as whether self-concept plays a mediating role in Egypt. Survey of 199 questionnaires was used and SEM results indicated that internal CSR impacts on affective commitments and turnover intentions. However, philanthropic CSR has the greatest positive and significant impact on affective commitment while legal CSR has the greatest negative and significant impact on turnover intentions.

Hariramani (2021) investigated the effect of CSR on employee relations while mediated by employee motivation in Philippine. The study used primary data (questionnaire) which was administered on twenty (20) employees. Data obtained were analyzed using descriptive multiple linear regression, and SEM. The study found that CSR positively and significantly impact on employee motivation. Also, the study showed that CSR plays no mediating role on the relationship between employee relation and employee motivation.

Olaniyan, Efuntade & Efuntade (2021) examined the impact of CSR on the performance of manufacturing firms in Nigeria via structural equation modelling on data generated from questionnaire administered on 150 respondents. The result indicates that CSR is significantly and positively linked with financial performance of manufacturing firms in Nigeria. More so, the study found a direct link between CSR and financial performance by showing that employee performance serves as a mediator in the link between CSR liabilities together with manufacturing firms' financial performance.

Singh and Misra (2021) studied the relationship between CSR and employees' performance of multinational companies in Europe. Questionnaire was the major instrument of data collection

which was administered on employees of multinational companies among some selected European countries. The hierarchical regression result revealed that implementation of CSR initiatives or practices significantly and positively affects employees; performance.

Slobodan, Nemanja, Agneš and Marko (2021) studied the relationship between CSR, employee commitments and organizational performance in Serbia using a sample of 250 employees. The panel-least square and SEM results showed no direct effect of CSR on organizational performances; however, a positive and significant effect was found between CSR and employees' commitment while employee commitment plays a positive mediation on the relationship between CSR and organizational performance.

3. METHODS

A survey research design was used in this investigation. Employees of ten (10) consumer goods companies, selected from ten of Nigeria's top consumer goods companies, made up the study population. 416 workers from consumer goods industries make up the study population. 201 employees made up the study's sample, which was determined using the Taro-Yamane sample size determination formula. The primary tool used to gather data was a questionnaire intended to elicit answers about company performance (Tobin's Q) and CSR aspects (social donations, community gifts, and employee development).

A 5-point Likert scale - Strongly Agree (5), Agree (4), Undecided (3), Disagree (2), and Strongly Disagree (1) - was used to develop the questionnaire. The degree of reliability of the research tool was demonstrated using the Cronbach Alpha reliability approach. Items and instruments were deemed credible if their Cronbach alpha coefficient exceeded 0.5; the findings are shown in Table 1:

Table 1: Cronbach Alpha Result

Parameters	Signs	Coefficient Score
Social Donations	+	0.80
Community Gifting	+	0.70
Employee Development	+	0.64
Tobin's Q	+	0.81

Source: Compiled by the Researcher (2024)

Given the study's dependent and independent variables, the following empirical models were estimated to investigate the relationship between CSR initiatives and performance:

$$TBQ = f(Fsdon, Fcomgif, Fempdev) \quad \text{eq. 1}$$

Equations 1 was rewritten in its econometric form as follows:

$$TBQ_i = \eta_0 + \eta_1 Fsdon_i + \eta_2 Fcomgif_i + \eta_3 Fempdev_i + \sum_i \quad \text{eq.2}$$

Where: $_i$ respondents; Fsdon = social donations; Fcomgif = community gifting; Fempdev = employee development; $\sum$ = error term); β_1-β_4 = coefficients of regression. The study used descriptive and inferential statistical techniques in analyzing the data obtained while the statistical analysis was done using STATA 16.0.

4. RESULTS

The figures are the variables of demographic characteristics of respondents on corporate social responsibility and performance
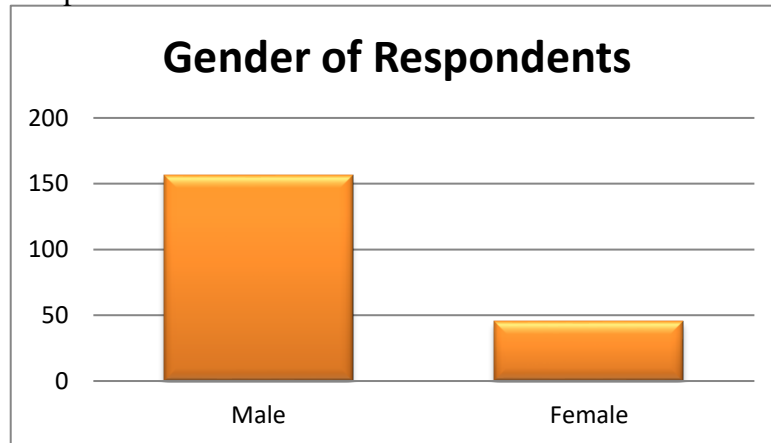

Figure 1: Gender of Respondents

Figure 1 revealed that 156 of respondents are males while 45 are females who participated in the survey; the result suggests that most of the respondents are males.
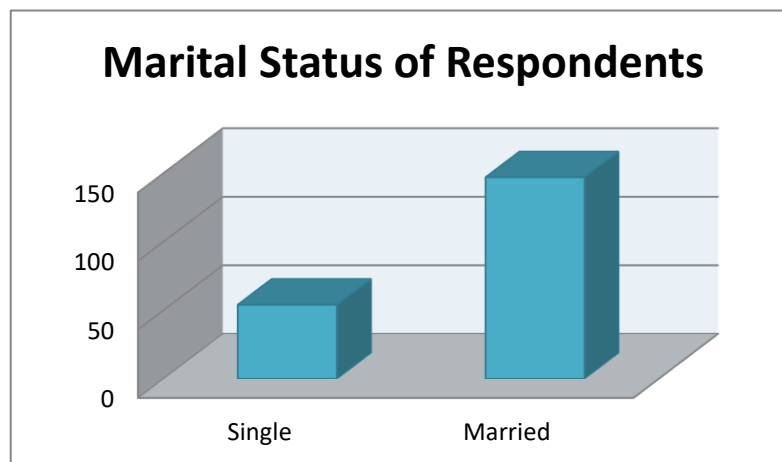

Figure 2: Marital Status of Respondents

Figure 2 is the marital status of respondents; the results revealed that most of the respondents representing 147 are married while the remaining are single representing 54.
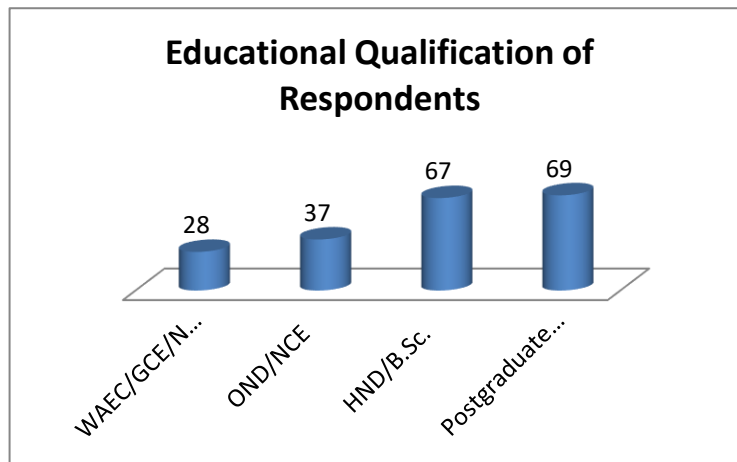
Figure 3: Highest Educational Qualifications

Figure 3 is the highest educational qualifications; the results revealed that most of the respondents had obtained postgraduate degree (69), while the remaining had obtained other educational degrees like WAEC/NECO (28), OND/NCE (37), and HND/B.Sc. (67).
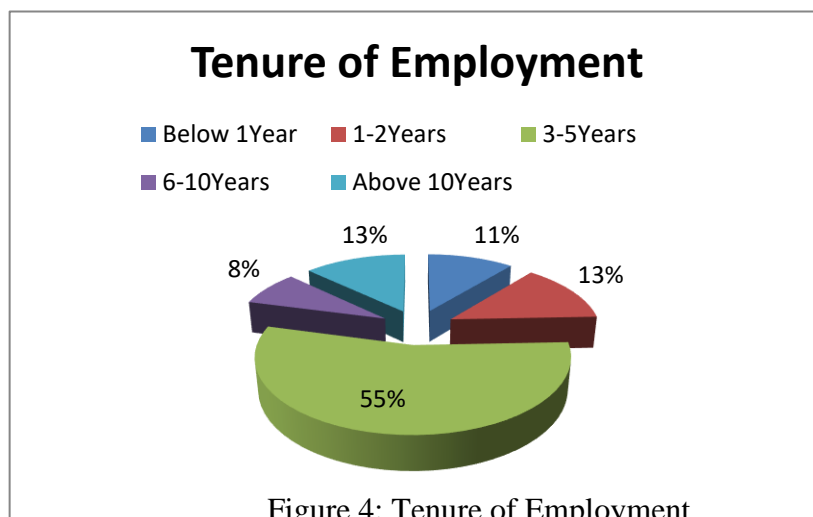

Figure 4: Tenure of Employment

Figure 4 is the tenure of employment of respondents; the results revealed that most of the respondents were employed for 3-5years, while the remaining had remained for below 1years (22), 1-2years (27), 6-10years (16), and above 10years (26).

Table 2: Result of Regression for Variables of CSR and Performance (TBQ)

Source	SS	Df	MS		
Model	0.6682	3	0.2227	$F_{(3, 197)}$ =	0.91
Residual	48.266	197	0.2450	Prob. > F =	0.4376
Total	48.934	200	0.2446	R^2 =	0.0137
				Adj. R^2 =	0.0014
TBQ	Coefficient	Std. Error	t-value	P>/t/	
FSDON	0.0466	0.0434	1.07	0.285	
FEMDEV	0.0548	0.0631	0.87	0.386	
FCOMGIF	0.0351	0.0430	0.82	0.414	

| **Constant** | 3.4863 | 0.2575 | 13.53 | 0.000 |

Source: Compiled by the Researcher (2024)

In Table 2, we presented the multiple regression results for CSR variables (FSDON, FEMDEV and FCOMGIF) and firm performance (TBQ) and it was observed that the value of R-squared is 0.0137%; this indicates that all the independent variables jointly explained about 0.14% of the systematic variations in the model. The R-squared value indicates among others that there are other variables that could predict the dependent variable (TBQ), which were not captured in the empirical models of CSR and TBQ.

Furthermore, the F-statistics (df = 3, 197, F-ratio = 0.91) with P-value of 0.4376 indicates that the result is insignificant at 5%. Also, the regression coefficients and t-values are carrying positive signs; this implies that there is positive relationship between variables of CSR (FSDON, FEMDEV and FCOMGIF) and TBQ. In addition, regression coefficients revealed that FSDON (0.0466), FEMDEV (0.0548), and FCOMGIF (0.0351) revealed that a unit increase in the variables of financial activities on social donations, community gifting and employee development would lead to increases in TBQ by 0.47%, 0.55%, and 0.35% respectively.

Given that the t-value is 1.07 with p-value of 0.285, which is greater than 0.05%, it implies that CSR activities on social donations, community gifting and employee development have no significant relationship with Tobin's Q. Bessong and Tapang (2012) emphasized that CSR seeks to assess the net social contributions of a firm, including external benefits that affect segments of the community and environment. Thus CSR activities entail gifts/monetary contributions given by firms to social and charitable (e.g. education, culture, arts, healthcare and disaster relief, etc) (Fan, Wong & Zhang, 2007; Godfrey, 2005).

Aggarwal and Jha (2019); Mensah, Agyapong and Nuertey (2017); Rettab, Brik and Mellahi (2009) applied one (1) edifice of CSR activities /practices – activities directed towards the local community (social donations, social gifting employee development); these dimensions were used in relation to their effects on firms' of consumer goods companies. In this study, we examined whether community gifting affects return on equity of consumer goods companies in Nigeria. Findings indicated that there is insignificant relationship between CSR activities on social donations, community gifting and employee development and Tobin's Q; Finding disagrees with the results of Slobodan, Nemanja, Agneš and Marko (2021); Quang, Thang and Thuong (2021).

5.   CONCLUSION AND RECOMMENDATIONS

This study examined the effect of corporate social responsibility on performance of consumer goods companies in Nigeria. Three(3) CSR dimensions of CSR were used namely, social donation, employees; development and community gifting, (independent variable) and one (1) performance dimension, namely Tobin's Q (dependent variable). Primary data (structured questionnaire) were administered to two hundred and four (204) employees of selected consumer goods companies out of which two hundred and one (201) administered copies of questionnaires were fully retrieved. Data obtained were analyzed using descriptive and

inferential statistical tools; the study concludes that there is insignificant relationship between CSR activities on social donations, community gifting, employee development and Tobin's Q.

On the basis of the findings, the study recommends the need for regulatory frameworks of companies in Nigeria to benchmark the extent of CSR activities by companies in Nigeria that can increase the market share or value of companies. Again, CSR activities and framework should not be made voluntary but obligatory for companies; this would further increase the level of performance. Finally, management of consumer goods companies should increase their stances in offering increased CSR activities in areas of social donations, community gifting as well as employee development; this may increase Tobin's Q of consumer goods companies.

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