

# Evaluation Of The Impact Of Corporate Social Responsibility On The Performance Of Medium Scale Enterprises In South-West, Nigeria

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## **Abstract**

Corporate social responsibility (CSR) is perceived by most organizations (small and medium enterprises inclusive), as the managerial obligation to protect the interest and welfare of the society and that of the business. This study used four stakeholders' dimensions of CSR namely: workplace, marketplace, environment and community, to examine their influence on the performance of medium-scale enterprises (MSEs) in South-West, Nigeria. The study employed Taro Yemani sampling determination to select 255 firms drawn from 583 registered MSEs in the manufacturing and services sector operating in South-West, Nigeria. Self administered structured questionnaires were used to collect data from business owners and managers of the selected MSEs. The questionnaires which were subjected to validity and reliability tests were adapted from previous studies. Simple linear regression with the aid of SPSS 24 was used to analyse the data, due to the nature and objectives of the study. The findings showed that all the four CSR dimensions - workplace, marketplace, environment and community, have positive and significant relationship with performance of MSEs. The study concluded that MSEs should go beyond profitability and compliance, by integrating CSR into their policies and strategies in order to enhance their performance.

**Keywords:** Corporate Social Responsibility, Medium-Scale Enterprises, CSR Dimension, Performance.

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## **I. Introduction**

In the recent time, organizations have been experiencing changes due to effects of globalization and competition in various markets across the world (Kalejaiye & Adewusi, 2017). Many companies are now shifting attention from their current domicile to the emerging markets. The reality many organizations are facing to compete well in a changing and complex environment makes it imperative to pay attention to different stakeholders in the market (Gray, Javad, Power & Sinclair, 2001). Companies need to give priority to the social and cultural needs of their stakeholders by operating genuine business practices.

Business organizations now include social and environmental matters when dealing with their different stakeholders using the concept of CSR. CSR as a concept has developed since 1930s (Carroll, 1999). It is defined as a voluntary action of a company to discharge responsible and ethical behaviours to its stakeholders (Freeman, 1984; Ogbojafor, Sulaimon & Kuye, 2009). The focus of the world now is on CSR because of its importance in contributing to sustainable development and societal re-birth. It is now imperative for business to complement the efforts of government in alleviating the living standard of the people by implementing CSR. The advocates of CSR posited that organization should pay more attention on social and environmental needs of the people by including CSR activities in their business strategies (Phuoc, Thuan, Vu & Tuyen, 2022). CSR is a discretionary obligation of a business organization towards improving the quality of life in the society where it operates (Nexon, 2009). It embraces issues such as interests of employees, consumers, suppliers, environment and society at large.

Stakeholders such as employees, customers and the community will perceive the organization with CSR positively (Freeman, 1984; Le, 2022). The fact remains that organizations spend a lot of money on CSR but its long-run benefits of improving the image and reputation of the business cannot be wished way on the altar of cost burden.

Despite its importance to the organization and the society at large, CSR is commonly practiced by big organizations. This study therefore evaluated the impact of CSR on performance of MSEs using the stakeholders approach.

### **Statement of Problem**

Most MSEs find it difficult to operate CSR like big and multinational organizations because of their peculiar characteristics such as inadequate resources, low sales turnover, owner-manager trait among others. Also the practice of CSR is less popular among small firms despite the roles it plays in improving the standard of quality of the community, environment, customers, employees and other stakeholders.

The impact of business practices in small and big organizations is not on the business owners alone but also on all different stakeholders and the society at large. MSEs therefore face conflicting pressure and interests from different stakeholders e.g. employees agitating for their right in the workplace, consumers that clamour for high quality and safe product with low price, community advocating for environmental protection and safe business operations etc.

In spite of perceived roles of MSEs as instrument of economic growth and development in Nigeria, many of them lack adequate knowledge of CSR which is capable of handling issues such as conducive working place, high ethical and moral standards, market innovation, environmental protection etc.

Despite the significant role played by Small and Medium Enterprises in Nigeria, research on impact of CSR on performance, especially in south-west Nigeria has been rather limited.

### **Research Hypotheses**

- i. There is no significant relationship between workplace CSR and employees' attraction and retention.
- ii. Marketplace CSR has no relationship with sales turnover.
- iii. There is no significant relationship between environmental CSR and environmental protection.
- iv. Community CSR has no relationship with organizations image.

## **II. Literature Review**

CSR is a concept that aligns the actions and behaviours of business organizations with the goals and values of the society (Bowen, 1953; Le, 2022). Many definitions have been given to CSR by various authors, but notable among them was the definition given by Carroll (1999) and European Commission (2005); both definitions regard CSR as the process in which a business organization considers its various stakeholders by integrating social and environmental issues into its operations. In management, CSR is seen as a leverage for exploiting economic, social and environmental opportunities (Jintao et al., 2020; Le, 2022). There have been many definitions of CSR in the literature from different perspectives (Dahsrud, 2008; Le, 2022). Friedman (1970) argued that the main goal of an organization is to make profit, and at the same time obey the laws of the land. CSR, according to Davis (1973), should go beyond economic, legal and philanthropic obligations. European Commission (2011) posited that organizations should not be forced to practice CSR. It should rather be seen as a voluntary action of firms towards improving the quality of life of the society. There are two extreme and opposing perspectives of CSR (Le, 2022). The first perspective focuses on the shareholders' interests of profit maximization, while the other group advocates that firms should consider the interest of all stakeholders in their businesses. The latter is the offshoot of stakeholder theory which holds that firms should consider the economic, social and environmental benefits of all stakeholders, and not just the shareholders' interest alone (Freeman, 1984; Lee, 2022). Performance of CSR is measured according to the expectations of different stakeholders. Employees for instance, will desire a safe and conducive working environment with adequate remuneration; business owners will want to maximize profit and expect higher returns on their investment. In addition customers will crave for fair price on high quality goods and services; suppliers will expect their interests to be considered in firms' decision making; government will anticipate full compliance with tax laws and other regulations; society will advocate favourable employment policy for their youths and also expect the firms to protect the environment where they operate (Jintao et al., 2020; Le, 2022).

A closer analysis of various definitions of CSR implies that an organization has a wide and voluntary obligation towards its stakeholders, apart from the owner. Business organizations must find means of meeting different interests and expectations of their stakeholders by leveraging on the benefits of CSR.

### **Small and Medium Enterprises (SMEs)**

Small and Medium Enterprises (SMEs) are businesses that are owned independently with fewer number of employees which differs from country to country (Phuoc, Thuan, Vu & Tuyen, 2022). In most developing countries such as Nigeria, the role of SMEs cannot be underestimated because they are the engine room of economic growth, social cohesion and community development (Abodunde, 2022). SMEs constitute major businesses in most countries and they are so significant to the survival of any nation. Small and Medium

Enterprises Development Association of Nigeria (SMEDAN) (2017) defines SMEs as businesses with a maximum of assets of 1 billion naira (excluding land and building) and with number of employees ranging from 10 to 200.

### Stakeholder Theory

This study adopted the stakeholders theory of CSR that centers on people that affect or who are affected by the policies and actions of an organization. The stakeholders theory according to Freeman (1984), describes people or individuals who can affect or are affected by the actions of an organization. These individuals or groups either benefit or harmed or whose rights are infringed or protected by the actions of an organization (Freeman, 2001). The primary stakeholders include business owners, employees, customers, suppliers etc, while the secondary stakeholders are government agencies, trade associations, environmental groups etc. Organizations can affect their stakeholders positively or negatively (Marom, 2006). In the contrary, stakeholders can also help or prevent an organization from achieving its goals (Rowler & Berman, 2000). An organization may be better off if it puts in place a stakeholder management practice by paying adequate attention to the needs and expectations of its different stakeholders. There are three categories of stakeholder theory: they include normative, instrumental and descriptive (Donaldson & Preston, 1995). The normative stakeholder theory goes beyond business benefits but rather stresses on the moral aspect of the business. It identifies the moral and philosophical activities of a business organization (Ogbojafor, Sulaimon & Kuye, 2009). The descriptive aspect of the theory describes the relationship and effect of different stakeholders on the organization. The cause-effect relationship between the organization and its stakeholders is the main focus of instrumental theory (Ogbojafor, Sulaimon & Kuye, 2009).

### Conceptual Framework

The study has two major constructs, viz: Corporate Social Responsibility and Performance. Also the variables of the study include:

**Independent variables:** The independent variables comprise of CSR factors. In tandem with previous researches (Vaaland, Heide & Gronhaug, 2008; Kramer, Pfitzer & Lee, 2005; Mandy & Dorr, 2007; UNIDO, 2008; Szabo, 2008; Turyakira, Venter & Smith, 2013) and for the purpose of this study, some categories of CSR factors that apply to MSEs in the context of the business environment in Nigeria include; work related CSR, market related CSR, environmental related CSR and community related CSR.

**Workplace CSR:** This aspect of CSR is on how a company treats its employees. It includes issues like recruitment, work-force diversity, pay and working conditions, health and safety and human rights.

**Marketplace CSR:** Marketplace CSR is concerned with how a company treats its suppliers, customers and other economic actors operating along the supply chain. It covers such areas as responsible advertising and marketing, customer complaints, ethical business practices and imposing social and environmental requirements on suppliers.

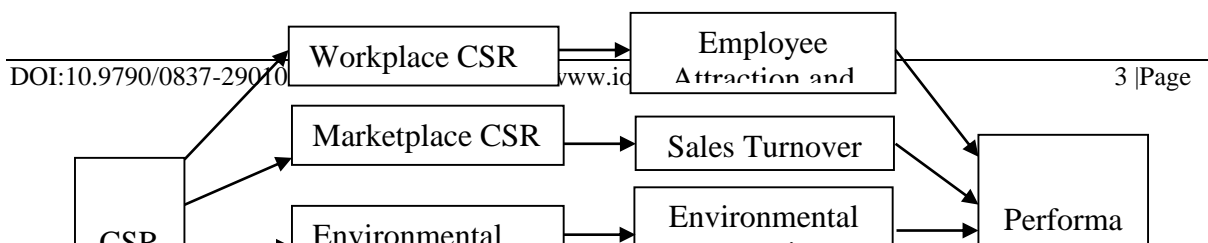
**Environment-related CSR:** This category refers to the actions of a company to mitigate its negative impact on the environment, by taking necessary measures like reduction in pollutants, taking initiatives in water-saving and reducing dangerous waste production.

**Community-related CSR:** This aspect of CSR deals with the relationships between a company, citizens and communities, who may be affected by business operations. It is about relationship and partnership with the local communities and the organization's involvement in their social wellbeing.

### Dependent Variables within the construct of firm performance

There are several approaches to measure organizational performance. Some organizations have performance evaluation solely on financial criteria such as profitability, return on assets, return on investment, etc. and this approach has been criticized for its many flaws (Shahin, Naftchali, & Pool, 2014) e.g. the inability to distinguish between firms which may give misleading information about continuous improvement and innovation.

Therefore evaluating performance of an organization requires the consideration of several other goals and not focusing only on financial goals. Shahin, Naftchali and Pool (2014) suggested that non-financial goals need to be considered when measuring organizational performance as many stakeholder groups are considered important in today's business environment other than a company's shareholders. In this study, firm performance was measured through the dependent variables viz: Employee attraction and retention; Sales turnover; Environmental protection and Organization image.



*Source: Author's Compilation, 2022*

**Figure 1: Stakeholder Model of CSR and Firm Performance**

### **CSR and Its Relevance to SMEs**

SMEs benefit a lot of opportunities from CSR such as; access to greater market, cost saving production, innovation and adaptability to the changing environment. SMEs benefit immensely when they adopt CSR because of their peculiar features (Jenkins, 2006) which include:

- i. flexibility and adaptability of their products and services to respond to changing environment when CSR is incorporated into their values;
- ii. the innovative approach of CSR can help SMEs incorporate innovation and creativity to their products and services and marketing strategies;
- iii. SMEs' operators, being mainly owner-manager, can easily implement CSR because of their closeness to the organization; and
- iv. communications flow unhindered in SMEs and this feature makes CSR information easily diffused in the organization.

### **III. Research Model and Methodology**

#### **Research Design**

This study employed a descriptive and cross-sectional survey design, which is a fact finding enquiry that explains phenomena as they exist at a specific point in time. The quantitative approach used ensured an efficient and accurate method of accessing information from the target population at a low cost.

#### **Study Area**

MSEs in Nigeria are considered one of the most important sectors which have witnessed huge growth in recent years (Eniola, 2015). The study considered MSEs in the six states of South-West Nigeria which included Lagos, Oyo, Ekiti, Ogun, Ondo, and Osun States.

South-West Nigeria was chosen for this study owing to its cosmopolitan nature most especially, Lagos and they represent the economic hub of the country with the largest concentration of all forms of MSEs in the country (Bowale & Ilesanmi, 2014). The presence and concentration of MSEs in this region can be attributed to its proximity to the seaport and the fact that Lagos which is one of the states in the region was the former seat of power of the Federal Government of Nigeria. The zone alone accounts for 637 MSEs (31.8%) in Nigeria (NBS-SMEDAN, 2017). Consequently, South-West Nigeria reflects the typical Nigerian business environment and has a good representation of all characteristics that shape the business environment and economy of Nigeria.

#### **Population**

All registered MSEs in the South-West Nigeria constituted the population for the study. Based on the official statistical sources of SMEDAN (2017), table 1 below shows the numbers of registered MSEs in South-West Nigeria.

<b>States</b>	<b>No of MSEs</b>
Oyo	104
Ogun	80
Ondo	40
Osun	12
Ekiti	2
Lagos	399

**Total** **637**  
 Source: SMEDAN and NBS Collaborative Survey: Selected findings, 2017

SMEDAN (2017) reports that Lagos alone accounted for more than 50% of all the registered MSEs in the South-West, Nigeria. This is because Lagos represents the economic hub of the country with high presence and concentration of MSEs due to its proximity to sea port and has features that are conducive for location of businesses.

**Sampling Techniques**

Multi-stage sampling technique was adopted because of the heterogeneous nature of the two business sectors covered in the study. First was the selection of Lagos, Oyo and Ogun states that have highest concentration of MSEs out of the six states in South West. Also stratified sampling method was used to select sample size from the manufacturing and service sectors, which produced 255 MSEs as sample for the study in accordance with Taro Yemani sample size determination.

**Table 2: Sampling Frame** **Sample Size**

State	Manufacturing	Services	Total	Manufacturing	Services	Total
Lagos	195	204	399	86	89	175
Oyo	51	53	104	21	24	45
Ogun	39	41	80	17	18	35
<b>Total</b>	<b>285</b>	<b>298</b>	<b>583</b>	<b>124</b>	<b>131</b>	<b>255</b>

**Research Instruments**

Questionnaire method was used for the study as it allowed the researcher to obtain information in a standardized form and at a relatively low cost. The basis for data collection and analysis was a field study in which the respondents - mainly owners - managers of the selected MSEs in the South-West Nigeria were made to answer all items in the questionnaire on a five-point Likert scales ranging from 1 (Strongly Agree) to 5 (Strongly Disagree). Furthermore, elements used to consider each of the variables were primarily obtained from prior research. This gave a reliable source for data collection and measurement as their reliability and validity have been confirmed in previous research. CSR and its corresponding items (Workplace - CSR, Marketplace - CSR, Environment - CSR, Community - CSR) were adapted from Morsing (2003); Fernández-Muñiz, Montes Peròn & Vázquez-Ordás (2009) and Nicholls (2002). The firm performance construct was also adapted from (Testa, Iraldo & Frey (2011).

**Data Analysis**

An explanatory factor analysis was carried out in conjunction with Cronbach's alpha coefficient to determine the discriminant validity and reliability of the measuring instrument. The idea behind the choice of factor analysis is to identify representative variables, and to create new variables, if any to be used in the subsequent analysis.

Regression analysis was employed to establish the magnitude of the effect among variables and for the test of hypotheses.

**Reliability of Research Instruments**

Cronbach's alpha co-efficient was used to measure the reliability of the instruments used, which indicated greater than 0.70 for all the constructs, confirming the reliability of the measuring scales (Nunnally & Bernstein, 1994; Suhr & Shay, 2009).

**Table 3: Discriminant of Validity and Reliability Results**

	Items	Factor loadings	Cronbach's alpha
Work-related CRS activities	3	Max: 0.822 Min: 0.811	0.713
Market-oriented CRS activities	3	Max: 0.699 Min: 0.607	0.800
Environmentally oriented CRS activities	3	Max: 0.868 Min: 0.770	0.804
Community related CRS activities	2	Max: 0.716 Min: 0.628	0.758
Performance construct CRS	4	Max: 0.850 Min: 0.800	0.713

Source: Field Survey, 2022

**Model Specification**

- (1) Y = f(x)
- (2) X = x<sub>1</sub>, x<sub>2</sub>, x<sub>3</sub>, x<sub>4</sub> ..... x<sub>n</sub> (Independent Variables)
- (3) Y = y<sub>1</sub>, y<sub>2</sub>, y<sub>3</sub>, y<sub>4</sub> ..... y<sub>n</sub> (Dependent Variables)
- x<sub>1</sub> = Workplace CSR
- x<sub>2</sub> = Marketplace CSR
- x<sub>3</sub> = Environmental CSR
- x<sub>4</sub> = Community CSR
- y<sub>1</sub> = Employee Attraction and Retention
- y<sub>2</sub> = Sales Turnover
- y<sub>3</sub> = Environmental Protection
- y<sub>4</sub> = Organization Image
- Y = x<sub>0</sub> + x<sub>1</sub>y<sub>1</sub> + x<sub>2</sub>y<sub>2</sub> + x<sub>3</sub>y<sub>3</sub> + x<sub>4</sub>y<sub>4</sub>

#### IV. Analysis and Discussion of Findings

##### Analysis of Questionnaire Distribution

A total of 255 questionnaires were distributed to the participants. 217 questionnaires were returned despite the efforts made by the researcher. Out of those 217 questionnaires returned, 9 were not properly filled, leaving 208 duly filled and completed questionnaires. This made the response rate to be 81.6%.

**Table 4: Demographic Profile of Respondents**

MSEs operators (n = 208)		
	Frequency	Percentage (%)
<b>Gender</b>		
Male	137	65.9
Female	71	34.1
<b>Years of Experience in business</b>		
Less than 3 years	25	12.0
3 - 5 years	66	31.7
6 - 10 years	68	32.7
More than 10 years	49	23.6
<b>Position / Title in Business</b>		
Owner and Active Manager	92	44.2
Employee Manager	66	31.8
Silent Manager	50	24.0
<b>Type of Industry</b>		
Manufacturing	127	61.1
Services	81	38.9
<b>Educational Qualifications</b>		
0'Level	25	12.0
A'Level	18	8.7
NCE / Diploma	68	32.6
B.Sc / B.A.	83	40.0
M.Sc / M.A. & above	10	4.8
Other forms of Education	4	1.9

Source: Field Survey, 2022

Large percentage of respondents were male (65.9%) with many of them having between 3 - 10 years of experience in business. Majority of the respondents were owners and active managers, literate with most of them in the manufacturing sector.

**Table 5: Distribution of respondents by the general perception of CSR in MSEs**

S/N	General Perceptions of CSR	WMS	Rank
1	The concept of CSR is strange to our firm	3.17	10th
2	CSR is carried out on ad hoc basis	3.53	8th
3	CSR is part of the firm's policy	4.07	5th
4	The firm is financially sound to execute CSR programs	4.00	6th
5	CSR is perceived as a way of giving back to the society	4.21	2nd
6	The firm perceives CSR as a voluntary action to help the society	4.11	4th
7	CSR is executed to fight competition	3.50	9th
8	The firm uses CSR to promote its image	4.20	3rd
9	The organization's CSR considers all stakeholders like customers, employees, community, suppliers, government, etc.	4.23	1st
10	Conflict of interest among stakeholders promotes CSR in the firm	3.46	7th

**WMS = Weighted Mean Score**

Source: Field Survey, 2022

From table 5 above, majority of the respondents considered different stakeholders in their polices and implemented CSR as a way of giving back to the society in order to promote their company's image.

**Table 6: Distribution of respondents by the influence of workplace CSR on employees' attraction and retention in medium scale enterprises**

	Work-Related CSR Activities	WMS	Rank
<b>A</b>	<b>Working Condition</b>		
1	The firm develops training programmes for employees regularly	4.16	1st
2	There is a sense of job security for all your workers	3.95	3rd
3	There is a commitment to the health and safety of employees	4.12	2nd
<b>B</b>	<b>Employee Relation</b>		
1	The firm takes into account employees interest in decision-making	4.03	1st
2	The firm gives adequate consideration for employee and their families	3.70	3rd
3	Employees are always consulted on important issues	3.80	2nd
<b>C</b>	<b>Labour Policy</b>		
1	There is provision for staff training and development for all employees	4.28	1st
2	There is a policy for the employment of disabled people in your firm	3.26	3rd
3	Your business ensures that adequate steps are taken against all forms of discrimination	4.14	2nd

**WMS = Weighted Mean Score**

Source: Field Survey, 2022

Training of employees ranked 1st in the table 6 above and majority of the respondents recognized employees interest in decision making.

**Table 7: Distribution of respondents by the relationship between marketplace CSR and sales turnover in medium scale enterprises**

	Market Oriented CSR Activities	WMS	Rank
	<b>Customers</b>		
1	The company takes into account customers interest in decision-making	4.22	2nd
2	Customers' needs are the focus of the firm	4.36	1st
3	Fair prices are being charged to customers	4.17	3rd
4	Your firm does meet its commitment to quality and price	4.04	4th
	<b>Suppliers</b>		
1	Suppliers' interests are always considered in decision-making	4.14	1st
2	Your business asks suppliers about the image of the company	4.01	3rd
3	Suppliers are informed about any changes in the company	4.07	2nd
	<b>Government / Third Party</b>		
1	You always supply clear and accurate information and labeling your products/services.	4.25	3rd
2	The firm guides against fake products and counterfeiting	4.27	2nd
3	The organization guides against deceptive advertisement	4.23	1st

**WMS = Weighted Mean Score**

Source: Field Survey, 2022

In the market-related CSR from table 7 above, customer needs and suppliers interests were the main focus of the firms while deceptive advertisement was not advocated.

**Table 8: Distribution of respondents by the extent to which environmental CSR affects environmental protection in medium scale enterprises.**

	Environmentally Oriented CSR Activities	WMS	Rank
	<b>Emission and Pollution</b>		
1	The firm causes water pollution in its operation	3.07	3rd
2	The firm's operation causes air pollution	3.12	2nd
3	The hosting community experiences noise pollution from your firm	3.14	1st
	<b>Waste Management</b>		

1	Environmentally friendly packaging materials are in use	4.11	1st
2	Your business designs products and packaging to be reused, repaired and recycled	3.86	4th
3	You always adopt measures to design ecological products or services	3.95	3rd
4	There is adequate policy on waste disposal	4.02	2nd
<b>Compliance with Law</b>			
1	The firm supports environmental awareness programmes	4.37	1st
2	There is compliance with environmental regulations and laws	4.19	2nd
3	Environmental audits are being performed periodically	4.02	3rd

**WMS = Weighted Mean Score**

Source: Field Survey, 2022

Results from table 8 above indicated that the hosting community experienced noise pollution from the factory, but the firms used environmental friendly packaging materials for their products.

**Table 9: Distribution of respondents by effects of community CSR on MSEs' image**

	Community Related CSR	WMS	Rank
<b>Employment Opportunity</b>			
1	Local community's interests are considered in decision-making	4.20	1st
2	Your organization has a purchasing policy that favours the local community	4.01	3rd
3	The firm operates a recruitment policy that favours the local community	4.09	2nd
<b>Philanthropy</b>			
1	The firm donates to the community	3.87	2nd
2	Your firm assists the community with projects	3.83	3rd
3	There is a support for cultural and sporting activities within the community	3.74	4th
4	Your company considers itself as a part of the community and worries about its development	4.14	1st

**WMS = Weighted Mean Score**

Source: Field Survey, 2022

Most firms considered themselves as part of the host community and their interests were considered in decision making.

**Table 10: Distribution of respondents by performance Construct in medium scale enterprises**

	Performance Construct	WMS	Rank
<b>Employee Attraction and Retention</b>			
1	The firm has improved relative to employees' satisfaction	4.24	1st
2	The firm's employees enjoy a conducive working environment	4.09	2nd
3	The organization has enjoyed employees' loyalty and morale	4.06	3rd
4	There is a high rate of employee turnover	3.55	5th
5	The firm enjoys industrial harmony with the labour union	3.84	4th
<b>Sales Growth</b>			
1	The number of new or improved products/services launched in the market is above the average of the industry	3.85	4th
2	The firm has improved in relation to customers satisfaction	4.26	1st
3	Company has enjoyed high sales turnover relative to the industry average	4.01	2nd
4	The company has enjoyed profit growth relative to the industry average	4.01	2nd
5	The organization's profits are above the industry average	3.76	5th
6	The return on assets (ROA) is above the industry average	3.69	6th
<b>Environmental Protection</b>			
1	The firm complies with environmental law	4.25	1st
2	There is protection against air, water and noise pollution	4.04	2nd
3	There is protection against deforestation	3.93	3rd
4	Creation of wealth is possible through waste recycling	3.90	4th
<b>Organizational Image</b>			
1	The company has achieved customer loyalty	4.34	1st
2	The organization has enjoyed employees' loyalty and morale	4.23	4th
3	The organization's products enjoy good patronage	4.26	2nd
4	The organization's enjoy peaceful co-existence with the public	4.24	3rd



**WMS = Weighted Mean Score**

Source: Field Survey, 2022

Firms gave relative satisfaction to their employees and customers; complied with the environmental laws, which helped them enjoy customer loyalty and therefore boosted their image and reputation.

**Test of Hypotheses**

i. There is no significant relationship between workplace CSR and employees’ attraction and retention.

**Table 11: Result of linear regression analysis showing the relationship between workplace CSR and employees’ attraction and retention.**

Variables	B –value (Coefficients)	Std. Error	T- value	Sig.
Constant	8.712	1.002	7.224	
Working condition index	0.526	0.075	6.722***	0.000
Employee relation index	-0.022	0.071	-0.345	0.644
Labour policy index	0.270	0.082	5.214***	0.000

\*\*\*Significant at 1%; F statistics = 35.329; R<sup>2</sup> = 0.328 (32.8%)

Source: Field Survey, 2022

ii. Marketplace CSR has no relationship with sales turnover.

**Table 12: Result of linear regression analysis showing the relationship between marketplace CSR and sales turnover**

Variables	B –value (Coefficients)	Std. Error	T- value	Sig.
Constant	9.021	2.322	4.261	
Customers’ CRS index	0.211	0.132	2.604**	0.016
Suppliers CRS index	0.302	0.159	2.213**	0.034
Govt./Third party CRS index	0.307	0.143	2.149**	0.033

\*\*Significant at 5%; F statistics = 10.824; R<sup>2</sup> = 0.344 (34.4%)

Source: Field Survey, 2022

iii. There is no significant relationship between environmental CSR and environmental protection.

**Table 13: Result of linear regression analysis showing the relationship between environmental CSR and environmental protection**

Variables	B –value (Coefficients)	Std. Error	T- value	Sig.
Constant	5.559	1.178	4.719	
Emission and pollution index	-0.132	0.043	-3.053***	0.003
Waste management index	0.603	0.069	8.738***	0.000
Compliance with law index	0.174	0.091	1.917*	0.056

\*\*\*Significant at 1% level; \*Significant at 10% level; F statistics = 36.225; R<sup>2</sup> = 0.341 (34.1%)

Source: Field Survey, 2022

iv. Community CSR has no significant relationship with organizations image.

**Table 14: Result of linear regression analysis showing the relationship between community CSR and organizations image**

Variables	B –value (Coefficients)	Std. Error	T- value	Sig.
Constant	10.826	0.812	12.562	
Employment opportunity index	0.334	0.064	4.855***	0.000
Philanthropy index	0.128	0.042	2.492***	0.010

\*\*\*Significant at 1% level; F statistics = 25.433; R<sup>2</sup> = 0.438 (43.8%)

Source: Field Survey, 2022

**V. Discussion of Findings**

The outcome of result from hypothesis one indicated that there is a significant relationship between workplace CSR and employees’ attraction and retention. The implication from this result is that organization that

are workers friendly will experience high productivity. The result is in tandem with the findings of survey carried out on SMEs in Denmark (European Commission, 2005), which stated that workers friendly organizations are more likely to perform better especially in the long- run. Schappe (1998) and Williams (1991) in their separate studies found no relationship between good organizational climate and job satisfaction. Therefore further research is needed to validate the positive relationship between workplace CSR and employees' attraction and retention.

Result of hypothesis two showed a positive and significant relationship between marketplace CSR and sales turnover. The finding is in agreement with the study of (Al-Humaidan, 2016) which established that there is a significant effect of marketplace CSR on customer satisfaction, which invariably brings about a better sales turnover to the firm. This study also ratifies the findings of Nyame-Asiamah & Shugra (2019) which stated that CSR improves customer loyalty and sales turnover.

In hypothesis three, positive relationship was established between environmental CSR and two of the constructs used for environmental protection i.e. waste management and compliance with law. The result was however negative for emission and pollution, which is the third construct. The reason for this may not be far fetched, as most organizations run foul of environmental guidelines for emission and pollution of toxic chemicals in their immediate neighbourhood. The result agrees with Hirigoyen & Poulain-Relim (2015) which stated that organizations tend to evade their environmental responsibility because of huge amount of costs that may be incurred in doing so.

The result from hypothesis four also established a positive relationship between community CSR and organizational image. Organizations that intervene in the developmental agenda of their host-community such as; giving employment opportunity and donating to the good cause of people tend to enjoy their goodwill and loyalty. The result is in agreement with Pang, Lwin, Ng, Ong, Chau and Yeow (2018) which summarized that community CSR has a mediating effect on customer loyalty and corporate image.

In summary, the findings of this study indicated that firms that are socially responsible will perform better in a dynamic and competitive environment than those that are not.

## **VI. Conclusion**

The study employed a quantitative methodology to address the impact of CSR on the performance of MSEs in South-West Nigeria, using the stakeholder approach. Medium scale firms in the manufacturing and services sectors were examined by evaluating four dimensions of CSR - Work-related, Market-related, Environment and Community, and their performance.

The study established positive and significant relationships between CSR and performance in the selected firms. In addition the study revealed that implementation of CSR by medium scale firms is being conducted on an ad hoc basis as the practice was not enshrined in their policies and strategies. This paper therefore concluded that MSEs should incorporate CSR into their core decision making process to be able to compete well in a dynamic and complex environment such as Nigeria.

### **Contributions to Knowledge**

It is hoped that this study would contribute to the body of knowledge by bridging many gaps in the literature. Previous research has concentrated mainly on large and multinational organizations with a few on SMEs, using the Carroll pyramidal approach of CSR. This study evaluated the impact of CSR on performance of MSEs using the stakeholder approach.

### **Implication for Future Research**

The scope of the study was South-West Nigeria, hence its findings may not be generalised to other geographical zones in Nigeria and even other countries with different economic and environmental settings. Therefore future research should consider other regions in Nigeria apart from South-West. The study used owners and managers as its only source of information. Data collection in future research should be extended to other stakeholders such as employees, suppliers and customers in order to compare results. The study employed four dimensions of CSR - work related, market related, environment related and community related , to evaluate MSEs' performance. Future research should consider other mediators in similar relationship.

### **Statement of Conflict of Interest**

We do not have any conflict of interest with our employer, Osun State Polytechnic, Iree, Osun State, Nigeria and our sponsor, Tertiary Education Trust Fund.

We do also not have conflict of interest with any member of the editorial board of this journal.

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