

**DYNAMICS OF CORPORATE SOCIAL RESPONSIBILITY AND FIRM PERFORMANCE,
STUDY OF TELECOMMUNICATION INDUSTRY IN NIGERIA.****Iyamabhor Martins¹, Abiegbe Amram² & Ononye Uzoma Heman³****Department of Business Administration and Entrepreneurship, Faculty of Management
Sciences, Dennis Osadebay University, Asaba, Delta State, Nigeria**Email: Iyamabhor47@gmail.com**ABSTRACT**

This study examines the dynamics of corporate social responsibility (CSR) and organizational performance in selected telecommunication firms. The independent variables include aspects of CSR such as community welfare and employee safety/security, while the dependent variable is organizational performance. Primary data were collected from 130 staff members and customers. Of the 130 questionnaires administered, 125 (96.2%) were retrieved, and 5 were rejected. The main analytical tools used were correlation and multiple regression analysis. Findings indicate that community welfare significantly influences competitive advantage, aligning with Adeyanju's (2012) results. The study concludes that CSR provides a predictive view of the firm by engaging directly with communities, competitors, suppliers, regulators, and customers. This approach offers insights into future actions of these groups, rather than relying solely on historical data. The study recommends that CSR strategies should focus on a single objective: developing the necessary tactics to consistently and profitably shift market share from specific competitors to the firm. This focus is essential for maximizing the value of business distinctive capabilities.

Keywords: Corporate Social Responsibility, Community Welfare, Employee Safety/Security, Organizational Performance

INTRODUCTION

Corporate social responsibility (CSR) is the concept that businesses are accountable for their impact on all relevant stakeholders (Ogbor et al., 2023). CSR has been a topic of interest in management and accounting literature for approximately 45 years (Adeyanju, 2012). Recently, both organizations and societies have intensified their focus on CSR (Gulyás, 2009). Traditionally, companies concentrated on strategies for business operations and profitability, such as differentiation, diversification, turnaround, concentration, and globalization. However, recent strategic developments advocate for extending corporate activities into societal realms. Scholars have termed these initiatives CSR activities (Carroll, 2009; Margolwas & Walsh, 2011). CSR efforts include cause marketing, donations, community improvement, disaster relief, peace initiatives, and pollution reduction. Key motivations for companies to adopt CSR include popularity (Fernando, 2007), business strategy (Dentchev, 2004), and stakeholder pressures (McWilliams and Siegel, 2001). Many scholars have also identified direct benefits from implementing CSR from the companies' perspectives (Margolwas and Walsh, 2001; Porter and Kramer, 2002). Consequently, previous research has examined the relationship between CSR performance and company performance to highlight these benefits.

The application of CSR has primarily evolved in Western countries, notably the United States and the United Kingdom (Chambers et al., 2003). It remains uncertain how well these practices translate to developing countries like Nigeria. Scholars have pointed out significant gaps between developed and developing nations in CSR implementation (Chambers et al., 2003; Matten & Moon, 2005; Chapple & Moon, 2005). Researchers such as Edmondson and Carroll (2009) and Burton et al. (2000) argue that differing cultural models and traditional customs may limit the applicability of

existing CSR understandings in countries like Nigeria. This study specifically centers on the relationship between CSR and organizational performance (OP) within Nigeria's telecommunication sector. A crucial aspect of this debate is defining what constitutes success for publicly traded corporations. While profitability has long been considered a primary measure of success, recent perspectives among academics and practitioners suggest that additional factors should be considered. This shift is partly driven by a growing research interest in CSR's relationship with company performance and its relevance in developing countries. Such research has illuminated scenarios where profits and principles can mutually reinforce each other. However, companies must also pursue long-term objectives that yield positive social and environmental outcomes, along with responsible interactions.

The overarching goal of organizations remains profit maximization, but to ensure sustainability, they must secure their right to operate while also generating profits. Conversely, organizations have a responsibility to act socially, not merely to achieve profitability but also to comply with legal standards, uphold ethical practices, and fulfill their role as good corporate citizens. It is acknowledged that CSR is more frequently studied and implemented in developed nations like the USA, Canada, Australia, and the UK. Therefore, the theory and practice of CSR in developing countries, including Nigeria, require further exploration and discussion. Researchers in underdeveloped regions are beginning to delve deeper into CSR, particularly regarding the feasibility and extent to which Western notions of CSR can be applied. Although various stakeholders advocate for CSR adoption in developing nations, many firms lack sufficient knowledge to effectively implement these practices. Additionally, the absence of established regulations in these countries hinders the enforcement of stakeholder demands. A lack of understanding among managers about CSR further impedes its implementation, resulting in stakeholders and organizations having insufficient information regarding the relevance of CSR in their contexts. This trend may mistakenly suggest that telecommunications companies are shifting from profit-oriented entities to charitable organizations. It is essential to correct this misconception and reinforce the notion that CSR initiatives are vital for modern telecommunications firms, which operate within society and must reciprocate by addressing community expectations. Thus, this study aims to investigate the dynamics of CSR on organizational performance in Nigeria's telecommunication industry.

Research Questions

This study is guided by the following research questions:

1. Does community welfare impact organizational performance?
2. To what extent do employee safety and security affect organizational performance?

Objectives of the Study

The general objective of this study is to assess the effect of CSR on organizational performance in the Nigerian telecommunication industry. Specific objectives include:

1. To investigate the impact of community welfare on organizational performance.
2. To investigate the impact of employee safety and security on organizational performance.

Statement of Hypotheses

The following hypotheses have been formulated to guide the study:

H01: There is no significant relationship between community welfare and organizational performance.

H02: There is no significant relationship between employee safety and security and organizational performance.

REVIEW OF LITERATURE

Concept of Corporate Social Responsibility

Corporate Social Responsibility (CSR) centers on accountability of an enterprise or organization for its impact on all relevant stakeholders. CSR involves organizations proactively initiating actions that positively impact host communities, environments, employees, stakeholders, and society (Ogbor et al., 2023). It acknowledges that certain business activities can adversely affect citizens and communities, and it seeks to correct these negative impacts (Ite, 2004; Adeyanju, 2012).

Community Welfare

Community welfare encompasses the initiatives organizations undertake supporting communities in where they operate, such as education, donations, health services, and job opportunities.

Education: This aspect reflects the investment telecommunication providers make in the education of their employees and community members who may struggle to afford educational expenses. By supporting education, these companies build goodwill and secure long-term profits, as educational support is increasingly seen as crucial for financial institutions (Iqbal et al., 2013; Iyamabor et al., 2023).

Health: This dimension highlights how telecommunication providers invest in the health of both their employees and the surrounding community. They often contribute funds to hospitals and health services for underserved populations. By providing access to healthcare, telecommunication companies can foster healthier communities (Iqbal et al., 2013).

Donations: This element demonstrates the commitment of telecommunication providers to rehabilitate society by donating to underprivileged groups, including orphans and those affected by natural disasters.

Security and Safety

Need for security and safety arises from the risks of exploitation inherent in social interactions. Theories like instrumental stakeholder theory, fairness heuristic theory, and signaling theory suggest that stakeholders assess whether companies will act opportunistically or uphold their psychological contracts, (VandenBos & Lind, 2002; Kramer & Lewicki, 2010; Lind, 2001) CSR activities that enhance employee relations are particularly effective in addressing safety and security concerns. Formal policies and programs that directly tackle issues like employee benefits, working conditions, and professional development can demonstrate a company's commitment to employees, fostering trust and reducing fears of exploitation (Aguilera et al., 2007; Rupp, 2011). Such employee-centered CSR initiatives can lead to a decline in counterproductive behavior and enhance the company's ability to attract and retain high-quality employees (Backhaus et al., 2002). While job seekers may be more influenced by CSR policies, existing employees' perceptions are shaped by their direct experiences within the organization (Blader & Tyler, 2003; Rupp, 2006). However, CSR activities that benefit employees directly satisfy their need for security and safety, fostering an environment of trust and commitment while reducing workplace deviance.

Corporate Social Responsibility Characteristics

The European Foundation for Quality Management (EFQM) outlines several key characteristics of CSR:

- Meeting the needs of current stakeholders without compromising future generations.
- Voluntarily adopting CSR practices rather than treating them as legal obligations, recognizing their long-term benefits.
- Integrating social, environmental, and economic policies into daily business operations.

Why Firms Invest in Corporate Social Responsibility

CSR concepts are continually evolving in response to both internal and external influences. Emily and Mwalati (2014) suggest that CSR develops from the interplay between organizational values and external pressures. Despite internal factors, organizations often react to external demands rather than proactively defining their CSR strategies (Fernando, 2007). Increasing public demand for businesses to address social issues is evident in contemporary business environments (Lantos, 2001), stakeholders, including employees, customers, communities, and environmental groups, frequently pressure organizations to allocate resources to CSR activities (McWilliams & Siegel, 2001).

Community Pressure

Beyond producing goods and services, society expects organizations to enhance safety, lifestyle, employment opportunities, infrastructure, and environmental protection without undermining cultural practices (Agarwal, 2008). This includes providing education, healthcare, and modern technology.

Responsibilities of Telecommunications

Telecommunication providers have various duties toward their owners, which include:

- a. Duty to Protect Well-Being: Providers must prioritize the well-being of individuals in their operational environments. For instance, a telecommunication company must be incorporated under Companies and Allied Matters Act (CAMA) before commencing business.
- b. Duty to Provide Returns to Shareholders: As ordinary shareholders bear the highest risk, it is the management's responsibility to utilize company resources effectively to generate profits, the majority of which should benefit these shareholders.

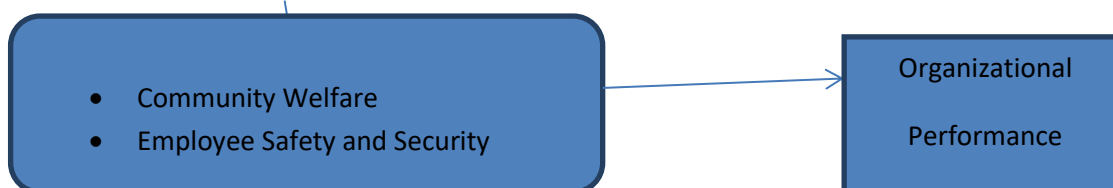
Conceptual Model

Independent Variables

Corporate Social Responsibility

Dependent Variable

Organizational Performance



Framework Overview

The framework presented demonstrates that corporate social responsibility (CSR), encompassing community welfare and employee safety/security, can significantly influence organizational performance. This connection is the reason the researcher selected this framework.

Social Responsibility and Organizational Performance

Propositions like "doing well by doing good" and "what is good for society is good for the company" have prompted researchers to explore the impact of CSR on various organizational outcomes, including workplace attitudes and behaviors. According to theory of social exchange, employees' commitment is persuaded by their understanding of the value and benefits derived from their membership in the organization (Collier and Esteban, 2007).

Theoretical Review**Stakeholder Theory**

Stakeholder theory focuses on organizational management ethics, addressing the principles and values involved in managing an organization (Freeman & Phillips, 2002; 2003). This theory recognizes stakeholders as groups interested in a company's activities (Freeman, 2004; Friedman, 2007). Freeman (2004), who defined stakeholders as any group or individual that can affect or be affected by the achievement of an organization's objectives. Recently, Freeman et al. (2004) redefined stakeholders as those groups vital to a corporation's survival and success. . Friedman (2006) further identifies, local communities, distributors, customers, employees and shareholders as stakeholders. Additional owners may include the media, the public, business partners, future and past generations, academics, competitors, NGOs, and representatives of trade unions or associations, as well as financiers other than stockholders (debt holders, bondholders, creditors, competitors, and government regulators).

Empirical Review

Isabel et al. (2012) studied the relationship between corporate social responsibility, organizational innovation, and firm performance in small and medium-sized enterprises at the University of Murcia, Spain. Their research measured four main dimensions of CSR and assessed its relationship with organizational innovation and firm performance using structural equation modeling on a dataset of 552 Spanish firms. Results indicated a positive association between CSR and both organizational innovation and firm performance, with organizational innovation mediating the relationship between CSR and firm performance. The study concluded that effective innovation management is crucial for companies to enhance their market position and meet competitive needs.

Iqbal et al. (2013) studied impact of corporate social responsibility on organizational performance within the banking industry in Kakamega County, Kenya. They highlighted that CSR significantly influences stakeholder interests and organizational performance. Despite many organizations using CSR practices, improvements in performance were not always substantial. This study focused on commercial banks in Kakamega, specifically Equity and Cooperative Bank. A sample of 50 corporate customers was surveyed from a population of over 10,000, utilizing random questionnaires distributed to bank management, staff, and customers. The study shows that the philanthropic responsibilities of banks positively affected performance, with a significant correlation coefficient of 0.490 ($p < 0.05$) indicating that increased philanthropic responsibility leads to enhanced bank performance. Government policy and priorities also significantly impacted organizational performance, with government policy showing the highest effect. The study recommended that banks prioritize CSR activities to retain customers and allocate adequate resources for these initiatives. Furthermore, banks should implement government policies on CSR to enhance customer retention and performance, as many customers value adherence to environmental regulations.

METHODOLOGY

The study was conducted among selected telecommunications companies in Asaba, Delta State, Nigeria. Primary data were collected from 130 staff and customers. Out of 130 distributed questionnaires, 125 (96.2%) were retrieved, with 5 rejected. The main analytical tools employed were multiple regression analysis and correlation

RESULTS AND DISCUSSIONS

Table 1: Correlation Matrix among the Dimensions of Corporate Social Responsibility and Organizational Performance

	Community Welfare	Employee Safety and Security	Organizational Performance
Community Welfare	1		
Employee Safety and Security	.373**	1	
Organizational Performance	.445**	.490**	1

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

Source: Analysis of field survey, 2022

The correlation matrix analysis shown in the above table 1 reported that Community Welfare exhibited positive correlation with Employee Safety and Security ($r = .373^{**}$, $P < .01$) Community Welfare ($r = .445^{**}$, $P < .01$) Organizational Performance. similarly, Employee Security and safety is positively significantly correlated with Community welfare, and Organizational Performance.

Table 2: **Multiple Regression Analysis of Community Welfare and Employee Safety / Security and Organizational Performance**

Coefficients^a

Model		Unstandardized Coefficient		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.576	1.601		5.357	.624
	Community Welfare	.114	.086	.126	1.329	.006
	Employee Safety/Security	.145	.089	.163	1.618	.008

Dependent Variable: Organizational Performance

Source: Analysis of field survey, 2022

Table 3: ANOVA

ANOVA^a

Model		Sum Squares	Df	Mean Square	F	Sig.
1	Regression	67.066	3	22.355	7.824	.000 ^b
	Residual	345.734	121	2.857		
	Total	412.800	124			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Community Welfare and Employee Safety/Security

Table 4: Model Summary.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.403 ^a	.162	.142	1.6904

a. Predictors: (Constant), Community Welfare and Employee Safety/Security

Source: Analysis of field survey, 2022

Sure! Here's a grammatically restructured version of your text:

Discussion of Findings

This study centers on corporate social responsibility (CSR) and organizational performance in selected telecommunications companies in Delta State, Nigeria. Results of the correlation analysis for all CSR indicators revealed a strong positive correlation among the variables, indicating that these are suitable dimensions and measures of CSR. The multiple regression analysis (MRA) highlighted the dynamics among CSR and organizational performance. Two aspects of CSR—Community Welfare ($\beta = .126$, $P < 0.01$) and Employee Safety/Security ($\beta = .163$, $P < 0.01$)—demonstrated significant positive effects on organizational performance. The results supported Hypothesis 1, which indicated a significant positive relationship between Community Welfare and Organizational Performance ($P(\text{cal}) 0.006 < P(\text{crit}) 0.05$). These findings align with Vogel's (2005) assertion that inter-organizational relationships enable firms to share resources, fostering development of additional resources that contribute to competitive advantages. Combining expertise from various organizations enhances product performance; however, strategic resources, which are often intangible, are neither easily identifiable nor quickly developed. Similarly, the findings indicated positive significant relationship between Community Welfare and Organizational Performance ($\beta = .163$, $P < 0.01$). This supports Hypothesis 2, which posited a statistically positive relationship between these two constructs. This finding resonates with Salim and Bloch, as cited in Emily and Mwalati (2014), who argued, companies are increasingly motivated to engage in community welfare due to global economic reforms promoting market-oriented liberalization. The spillover effects of community welfare benefit not only firms but also communities and economies. Consequently, both corporate and public community welfare activities can generate positive spillovers that ultimately benefit society (Adeyanju, 2018).

CONCLUSION

The study provides evidence of the effect of CSR on the organizational performance of telecommunications companies in Asaba, Delta State, Nigeria, based on the analysis of the questionnaires administered. CSR appears to be more relevant for corporations in developed countries due to heightened community expectations for socially responsible behavior. This challenges the thought that societal expectations in developing countries focus primarily on economic growth, relegating CSR to a lesser importance. The levels of CSR activities may be linked to the reporting requirements of corporations and indigenous companies with foreign affiliations operating in Nigeria. Some critics argue that CSR efforts merely serve to appease communities impacted by corporate exploitation, which is relevant in the Nigerian telecom industry. Overall, the study suggests that CSR activities are gaining traction in Nigeria as companies strive to project a positive image. The findings provide that Community Welfare and Safety/Security significantly enhance the organizational performance of firms. It is recommended that companies fully disclose their CSR activities, presenting them as a percentage of their profits rather as random acts to placate host communities.

RECOMMENDATIONS

In lined with the findings, the researcher recommends the following:

1. Host community members and investors should consider the financial implications of their companies' moral ethical responsibilities. They should encourage their companies to involve in minimal and strategic CSR activities to maintain a healthy relationship with the environment, rather than excessive CSR.

2. Further research should be conducted to identify areas for improvement in CSR activities, ensuring the benefits of CSR are equitably distributed among the indigenous populations of host communities.

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