Impact of philanthropic corporate social responsibility on organizational performance of selected manufacturing companies in Nigeria

Ayoola, Olorunfemi Joseph

In recent years, lack of commitment of most manufacturing companies to philanthropic corporate social responsibility (CSR) activities has gradually become a leading issue in corporate philanthropic discourse. Thus, the study examined impact of philanthropic CSR on organizational performance of selected manufacturing companies in Nigeria. The three (3) selected manufacturing companies are: PZ Cussons Nigeria Plc, Cadbury Nigeria Plc and Unilever Nigeria Plc. The study employed descriptive survey research design using a structured questionnaire with a five-point Likert scale format to obtain the primary data; while the secondary data on organizational performance (profit after tax) for a period of 5 years (2010 - 2014) were extracted from the annual reports of the three manufacturing companies used for the study. The respondents were the members of host communities of these companies. Simple random sampling technique was used to select a sample size of 150 respondents for the study. A total of 120 copies of the questionnaire duly filled and returned, out of the 150 copies administered, were used for the study. The data were processed using Statistical Package for Social Sciences (SPSS) version 20 with the aid of a statistician. Descriptive and inferential statistical tools including percentages, frequency, t-test and multiple regression analysis were used and the results were presented in tables. The hypothesis was analysed using multiple econometric regression method and tested by Student's t-distribution at 5% level of significance. The findings from the analyses of this research showed that coefficient of multiple determination ($R^2$) was 0.791 which implied that 79.10% of systemic variations in the performance (PAT) of the selected companies were explained by the variations in Philanthropic CSR activities of the companies; and that the $p$-values of the estimated parameters ($a_0$, $b_1$, $b_2$, $b_3$, $b_4$, $b_5$) were all significant at 0.05 level. Thus, the null hypothesis ($H_0$) was rejected and the study concluded that Commitment to Philanthropic CSR activities by manufacturing companies in Nigeria has positive significant impact on the performance of manufacturing companies. On this basis, it was recommended that there is dire need for managers of manufacturing companies in Nigeria to be more committed to the implementation of their companies’ philanthropic CSR activities so as to build and sustain corporate reputation locally, nationally and globally.

Key Words: Philanthropic corporate, Performance, Manufacturing.
employee time, product donations, and other gifts in kind, which are not directly related to the companies’ core business. Nevertheless, these activities form an integral part of companies’ corporate social responsibility (CSR) which are initiated to promote human welfare and increase positive impacts on society.

The importance of philanthropic CSR activities carried out by manufacturing companies to a nation’s socio-economic development cannot be over emphasized. It is manufacturing companies, not governments, which actively create and distribute wealth in society and raise living standards which contribute significantly to poverty alleviation. Facts have shown that philanthropic CSR increases customer satisfaction which, in turn, boosts revenue (Dane and Yingcai, 2015). Thus, many highly successful companies support programmers that address fundamental societal challenges in areas such as: health, education, shelter, environment, sports, power and transportation.

Despite the fact that most companies engage in philanthropic CSR activities, corporate philanthropy remains controversial. While proponents believe that companies have a moral obligation to assist the communities in which they do business, critics contend that corporate-giving programmers deplete companies’ resources and, more often than not, further the goals of management rather than the goals of shareholders (Leisinger and Schmitt, 2011). Interestingly, the opposing camps find a common ground when corporate-giving improves shareholders’ value as well as social welfare. This study, therefore, investigates the impact of philanthropic CSR on organizational performance of selected manufacturing companies in Nigeria.

Statement of the Problem

Most manufacturing companies in Nigeria probably see philanthropic CSR as just a mere way of only helping the beneficiaries without improving their level of overall profitability. This perceived notion of companies that their commitment to philanthropic activities will only help to deplete their financial resources without a significant contribution to their business growth has probably been a major argument in the corporate philanthropy discourse, especially in the manufacturing industry in Lagos State, Nigeria.

Thus, the problem of lack of commitment to philanthropic CSR activities by manufacturing companies in Nigeria necessitated the need for this study.

Research Question

The research question asked to elicit information for the study was: Do Philanthropic CSR activities have significant impact on the organizational performance of manufacturing companies?

Objectives of the Study

The main objective of this study was to examine the impact of philanthropic Corporate Social responsibility on organizational performance of selected manufacturing companies in Nigeria. The specific objective was to: assess whether the commitment of manufacturing companies in Nigeria to philanthropic CSR activities as significant impact on organizational performance.

Research Hypothesis

The study’s hypothesis stated in null form was:H0: Commitment to Philanthropic CSR activities by manufacturing companies in Nigeria has no significant impact on their performance.

Significance of the Study

Examining the impact of philanthropic corporate social responsibility on organizational performance of selected manufacturing companies in Nigeria is of great importance, socially and economically. This is because the study will be of immense benefits to the public, organizations, employees, governments and other stakeholders as enumerated as follows:

i. It will be an added contribution to the existing works done by other authors.

ii. It will immensely benefit the public, as the study will provide useful knowledge for philanthropic CSR initiatives that will enhance organizations’ meaningful contributions to host communities’ development.

iii. It will be of immense benefits to the manufacturing industry, especially to the selected companies in Lagos State, as the outcome of the research will contribute to their knowledge on the application of philanthropic CSR initiatives to improve their organizational performance and the development of the host communities in Lagos State.

iv. The government will benefit from the study as it will enhance achievement of organizational performance in the manufacturing companies, which will in turn contribute to the improvement of the companies’ contributions to economic and social development of Lagos State and Nigeria in general.

v. The study will provide a useful source of reference for other researchers who may want to carry out related researches in philanthropic CSR, particularly in the field of CSR.

LITERATURE REVIEW

Conceptual clarification

The term philanthropy comes from the Greek words
“Philien,” meaning to love and “Anthropos,” meaning mankind. It is known as corporate philanthropy when practiced by business organizations (Raibon et al., 2003). Carroll (1991, 2004) describes philanthropy through the lens of corporate social responsibility (CSR) and sees it as “Philanthropic responsibilities” of corporations. Thus, in the context of CSR, philanthropic responsibilities are activities actively carried out by companies to meet societal challenges.

According to Leisinger and Schmitt (2014), “Corporate philanthropy is an umbrella term which encompasses a number of different values, interests, mindsets and alternative approaches.” This definition is ambiguous and broad because of the varied values, interests, mindsets and approaches contained in the definition. However, Leisinger and Schmitt (2014) clarify this ambiguity by succinctly stating that corporate philanthropy describes voluntary, active, non-reciprocal efforts (financial, organizational, human resources, etc.) by an entity with the sole purpose of benefiting human beings, or fulfilling an unmet social need, regardless of any specific ‘return on investment’ for the donor. It can therefore be said that corporate philanthropy is needs-oriented; and according to Carroll (2004), philanthropic CSR is discretionary because it is not based on economic, legal or political considerations. However, corporate philanthropy, on the contrary, should not be charity per se since unconditional support of needy people is a function of corporate funds predicated on organizational performance (Leisinger and Schmitt, 2014).

Though, philanthropic CSR involves activities carried out by companies to help host communities, customers and other stakeholders in the form of charity or free of charge basis, this is not usually the case, most often than not business organizations use it to gain popularity with the aim of improving patronage, community appreciation, improve harmony within the host communities and the organization, with overall interest of maximizing profit in the long-run (Dane and Yingcai, 2015).

Philanthropic CSR is a multi-faceted concept that has been viewed by numerous authors under different fundamental concepts. Thus, Porter and Kramer (2002) identify three categories of philanthropy: communal obligation philanthropy, goodwill building philanthropy, and strategic giving philanthropy. They define communal obligation philanthropy as “support of civic welfare, and educational organizations, motivated by the company’s desire to be a good citizen”. This is distinguished from their view of goodwill building philanthropy which they define as contributions to support causes favored by employees, customers, or community leaders, often necessitated by the desire to build and improve the company’s relationships. Porter and Kramer (2002) define strategic giving philanthropy as philanthropic CSR focused on enhancing competitive context. Thus, what motivates a business organization to give will determine the category of its philanthropic activity.

Classification of corporate philanthropy

According to Diener (2012), there are three approaches to classifying corporate philanthropy: the business objectives classification, the business motivation classification and utility classification. These approaches can either be non-strategic philanthropy or strategic philanthropy (McAferrell, 2002). Non-strategic philanthropy, otherwise known as altruistic or benevolent philanthropy, involves benefitting the social welfare without concern for the financial profitability of a company. Strategic philanthropy, on the other hand, maintains the dual objectives of benefitting social welfare and financial profitability (Maas and Liket, 2011). However, philanthropy, whether strategic or not, is generally perceived as a discretionary activity (Carroll, 2004).

Paradoxes of corporate philanthropy

The most controversial CSR component in literature is philanthropy which perhaps may be due to its discretionary status. Thus, philanthropic CSR, in the context of CSR, creates several paradoxes for the business (Diener, 2012). The paradoxes faced by business organizations as a result of their philanthropic activities include: the motive paradox, the action-inaction paradox, the advertising paradox, the stakeholder paradox, and the fund paradox (Diener, 2012).

CSR Framework

A commonly applied CSR framework is The Pyramid of CSR model propounded by Carroll (1979, 1991). The model demonstrates that total CSR consist of four broad responsibilities:

1. Economic Responsibilities (ECR)
2. Legal Responsibilities (LR)
3. Ethical Responsibilities (ER)
4. Philanthropic Responsibilities (PR).

These responsibilities are ordered from bottom to top as illustrated in Figure 1. The focus of the study is on philanthropic responsibilities of manufacturing companies in Nigeria. Figure 2 shows the components of CSR which are: philanthropic, legal, ethical and economic responsibilities. According to Strautmanis (2007), CSR is part of organizational culture; hence, all the companies’ activities fall under any of these broad components.

Origin of philanthropic CSR activities

According to Stoner et al. (2011), philanthropic CSR
activities’ origin could be traced to the views of Carnegie (1835-1919) in his book “The Gospel of Wealth” where philanthropy was linked to charity principle and stewardship principle. The charity principle is a doctrine of social responsibility requiring more fortunate individuals to assist less fortunate members of society, while the stewardship principle is based on Biblical doctrine that requires businesses and wealthy individuals to view themselves as stewards, or caretakers holding their property in trust for the benefit of the whole society (Stoner et al., 2011).

Organizational performance

In the views of Banjoko et al. (2012), most authors describe organizational performance rather than providing a robust definition of it. Thus, Salem (2003) defined performance as an outcome or getting a work done, as well as the results achieved. He sees performance as the outcome of work because it provides the strongest linkage to the strategic goals of an organization, customer satisfaction, and economic contributions. The traditional performance measures (developed from costing and accounting system) have been criticized for encouraging short-termism, lacking strategic focus, and not being externally focused (Salem, 2003). In an attempt to overcome these criticisms, Khandwalla (1995) as cited in Kuye et al. (2012) postulates performance measures framework that focus on both financial and non-financial information; thus providing a more balanced view: profit, growth, sales revenue, financial strength, operational efficiency, performance stability, public image, employee morale, environmental adaptation, new ideas, and social impact on the society. When firms engage in CSR practices, improved performance is likely to result (Kotler and Lee, 2005; Weber, 2008).

Corporate philanthropic process

In today’s competitive world, most companies have realized that maximizing profits at any cost is no longer
the most beneficial way to operate their business or to maintain and improve their competitive advantage (Kotler and Lee, 2005). Hence, companies undertaking philanthropic CSR activities often avoid morally ambivalent business practices by establishing robust processes of giving (Leisinger and Schmitt, 2011; Braibon et al.; 2003) such as: Ensuring the host communities benefit positively from Philanthropic CSR activities; creating awareness of Philanthropic CSR activities; ensuring adequate funding of philanthropic CSR activities; and ensuring transparency in the discharge of Philanthropic CSR activities.

1. **Ensuring the host communities benefit positively from philanthropic CSR activities:** According to Braibon et al. (2003), philanthropic CSR activities are beneficial activities that companies should engage in. Hence, philanthropic CSR activities make companies good citizens of their host communities when they contribute positively to the society.

2. **Creating awareness of philanthropic CSR activities:** All philanthropic CSR activities should be communicated in a fact-based, honest and non-euphemistic manner (leisinger and Schmitt, 2011). Hence it is pertinent that stakeholders are aware of philanthropic activities carried out by companies in their communities. This is necessary because any charitable programmes selected for a company’s sponsorship must be exempted from tax (Raibonet et al., 2003).

3. **Ensuring adequate funding of philanthropic CSR activities:** Adequate funding of philanthropic activities such as: ending hunger and poverty; promoting public health; supporting education; addressing gender inequality; protecting the environment; and funding cultural initiatives, sports and arts promotes companies’ image and better relations with stakeholders.

4. **Ensuring transparency in the discharge of Philanthropic CSR activities:** Philanthropic CSR activities must be managed transparently. Information on philanthropic activities should be made available in sufficient time to permit analysis, evaluation and engagement by relevant stakeholders.

**Theoretical Review**

**Stakeholder Theory**

In an attempt to establish a theoretical foundation for the study, this paper adopted stakeholder theory, propounded by Freeman (1984). This theory recognizes the fact that all firms have a large and integrated set of stakeholders to which they have an obligation and responsibility (Baker, 2005; Strautmanis, 2007). The theory suggests that modern business should no longer be pre-occupied exclusively with the interests of shareholders, but must respond to the concerns of multiple stakeholders, including Non-governmental Organizations (NGOs), consumers, employees, environmentalists, and local communities (Freeman, 1984). In other words, CSR initiative should not be simply a reactive response to confrontational activism and ‘command-and-control’ regulation. Business can be proactive and work in partnership with corporate social organizations, governments, and multilateral institutions.

In the view of Post et al. (2002), stakeholders are individuals, groups or organizations that contribute, either voluntarily or involuntarily, to its wealth-creating capacity and activities and that are therefore its potential beneficiaries and/or risk bearers. In other words, stakeholders are affected by the consequences and outcomes of decisions taken by companies.

In today’s world, a successful company must be able to adapt to rapidly changing business environment by interacting with stakeholders (Kuyeet al., 2012). According to Sweeney and Coughlan (2008), interaction and dialogue with stakeholders constitute crucial mechanisms for learning and adaptation. From the perspective of good governance and good management, business—NGOs collaboration and public–private partnerships (PPPs) are, therefore, important. In the views of Braithwaite and Drahos (2000), interactions based on effective dialogue and networking are fundamental for regulatory reform which, of course, could influence quality of management in the business society. Thus, in a simple term stakeholder theory affirms that those whose lives are touched by a company hold a right and obligation to participate in directing it. In other words, the theory obligates corporate directors to balance stakeholders’ interests and welfare in the name of maximizing benefits across the spectrum of those whose lives are touched by the business.

**Empirical Review**

Empirical literature on philanthropic CSR and organizational performance of manufacturing companies in Nigeria is scanty. However, since philanthropic CSR is a major component of Corporate Social Responsibility (CSR), it is justified to draw the study’s empirical framework from the results of researches discussed in this study (Carroll, 1991; Diener, 2012).

Dane and Yingcai (2015) examined the relationship between corporate foundation giving and the economic cycle for consumer and industrial oriented firms in USA analyzing panel data from 179 corporate foundations over 9 years. Their study revealed that foundations sponsored by consumer-oriented firms reduced their support for charitable causes as economic conditions worsened and vice versa. Thus, philanthropic activities or initiatives carried out by companies are consistent with a marketing-related objective to increase sales through corporate philanthropy.
Olareoyeke and Nasieku (2015) in their study which examined “Effect of Corporate Social Responsibility on Performance of Manufacturing Companies in Nigeria” using the population of the manufacturing companies listed on Nigeria Stock Exchange posited that corporate social responsibility activities have a positive and significant impact on the performance of manufacturing companies listed on Nigeria Stock Exchange. Their study also established that manufacturing companies engage in CSR not only for profitability but are also motivated by a number of other factors such as: better corporate image, marketing and advertising strategy, employee satisfaction and fulfillment, improve competitive advantages, productivity and business opportunities, organizational values, among others. Following the findings of the study, they recommended that companies engage in CSR policies and strategies not only to improve their performance but also to strengthen its legitimacy, reputation and gain competitive advantage.

Enahoro et al. (2013) assessed “Corporate Social Responsibility and Financial Performance: Evidence from Nigerian Manufacturing Sector” using multiple linear regression as an instrument of data analysis. Their study revealed that CSR has a significant impact on profit after tax on one hand; and on turnover on the other hand. It was recommended that firms should increase their investments in CSR as this would boost their financial performance in the long run.

In a study conducted by Uadiale and Fagbemi (2012) which examined “Corporate Social Responsibility and Financial Performance in Developing Economies: The Nigerian Experience,” multiple linear regression was employed and found that CSR, as measured by community performance, environmental management system and employee relations; and performance measured by return on equity and return on assets, has positive and significant impact on financial performance.

Cho et al. (2014) carried out a study on “Corporate social responsibility and corporate financial performance: Evidence from Korea” employing multiple linear regression. Their study empirically established that CSR has a positive and significant impact on corporate financial performance. Similarly, Iqbal et al. (2014) examined using Ordinary Least Square as a measure of donations and financial performance measured by net profit and earnings per share, found a significant relationship between CSR and financial performance in banking sector of Pakistan.

**Methodology**

The study examined the impact of philanthropic corporate social responsibility on organizational performance of selected manufacturing companies in Nigeria. Specifically, the study focused on three manufacturing companies quoted on the Nigeria Stock Exchange and located in Lagos State, Nigeria. The manufacturing companies are: PZ Cussons Nigeria Plc, Cadbury Nigeria Plc and Unilever Nigeria Plc. These companies were selected purposely for easy access of information that would enhance the achievement of the research objective. The choice of manufacturing companies was made because of their relevance and potentials for Nigeria’s socio-economic development. Lagos State was specifically considered as the focus area because it is the business nerve-centre of Nigeria with the largest concentration of manufacturing industries (Manufacturers Association of Nigeria, 2014). Therefore, Lagos offers an attractive location for the research. The study focused on two major variables:

1. Organizational performance variable (Y), which is the dependent variable (Y), entailed a five year period (2010-2014) profit after tax (PAT) of the three selected companies; and
2. Philanthropic CSR activities' variables which are the independent variables (X); i =1,2,3, and 4.

Where:

\[ X_1 = \text{Ensuring the host communities benefit positively from Philanthropic CSR activities}; \]
\[ X_2 = \text{Creating awareness of Philanthropic CSR activities}; \]
\[ X_3 = \text{Ensuring adequate funding of philanthropic CSR activities}; \]
\[ X_4 = \text{Ensuring transparency in the discharge of Philanthropic CSR activities}. \]

Descriptive survey method was used for carrying out this study. Data were collected through primary source by administering structured questionnaire, with a five-point Likert scale format, on 150 senior management staff of the selected manufacturing companies; and through secondary source by extracting information from the annual reports.
The study population consists of members of the host communities of PZ Cussons Nigeria PLC, Cadbury Nigeria PLC and Unilever Nigeria PLC. These manufacturing companies were selected using purposive sampling technique. Thus, the study adopted hypothetical sample (Attewell and Rule, 1991). This was justified because the population is unknown. A sample of 150 consisting of 50 members of host communities was drawn from each of the selected manufacturing companies in Lagos State, using simple random sampling technique. However, only 120 responded to the 150 copies of questionnaire administered.

The questionnaire contained self-structured multiple-choice questions designed for primary data collection. It consists of two sections: Section A and Section B. Section A contains demographic details about each respondent; while Section B contains items relating to the research question and hypothesis. The ranking of the responses followed the five point Likert scale.

Method of analysis

Data collected through the use of questionnaire were subjected to descriptive and inferential statistics. The descriptive statistics incorporate the use of tables and percentages. The hypothesis was analyzed by multiple regression method and tested by Student’s t-distribution at 5% level of significance. The data were processed by Statistical Package for Social Sciences (SPSS) version 20.

Model Specification for Hypothesis

The model used is expressed as:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \mu \]

Where:
- \( Y \) = Organizational Performance.
- \( X_1 \) to \( X_4 \) = The elements/variables of X (PCSR activities)
- \( \beta_0 \) = The part of Corporate performance which does not depend on Philanthropic CSR in Lagos State.
- \( \beta_1 \) to \( \beta_4 \) = The rate of change of Organizational performance with respect to a unit change in any of the independent variables \( X_1, X_2, X_3 \) and \( X_4 \).
- \( \mu \) = Error term.

RESULTS AND DISCUSSION

Demographic characteristics of the respondents

Table 1, 2 and 3 revealed that 98 respondents which represented 82% of the respondents were male while 30, representing 18% of the respondents were female. This result implies that the highest proportion of the analyzed opinions came from males’ perceptions. Thus, there were more males in the communities where the companies are located.

Table 4 revealed that 23 respondents representing 19% was within the age bracket of less than 30 years, 40(33%) were within the age bracket of 30< 40 years, 36(30%) were within the age bracket of 40< 50 years, 21(18%) were within the age of 50<60, while no respondent was 60 years and above. It shows that
Table 1. Summary of paradoxes of corporate philanthropy.

<table>
<thead>
<tr>
<th>Paradox Type</th>
<th>Stakeholders perception of philanthropic CSR</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Motive</td>
<td>Driven by business self-interest&lt;br&gt;Consumers tend to question the motive of Philanthropic CSR.</td>
</tr>
<tr>
<td>The action-inaction</td>
<td>Consumers always criticize companies, whether or not they engage in philanthropic activities.</td>
</tr>
<tr>
<td>The advertising</td>
<td>Create awareness of philanthropic activities. &lt;br&gt;Consumers respond poorly to the advertising of philanthropic activities.</td>
</tr>
<tr>
<td>The stakeholder</td>
<td>The question of who should engage in philanthropic activities.</td>
</tr>
<tr>
<td>The funding</td>
<td>The need for sustainability long term contributions from business to non-profits and charities.</td>
</tr>
</tbody>
</table>

Source: Adapted from Diener (2012).

Table 2. Gender.

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent (%)</th>
<th>Cumulative Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>98</td>
<td>82</td>
<td>82</td>
</tr>
<tr>
<td>Female</td>
<td>22</td>
<td>18</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>120</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher’s Field Survey, 2016

Table 3. Age Group.

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent (%)</th>
<th>Cumulative Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 30 Years</td>
<td>23</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>30 &lt; 40 Years</td>
<td>40</td>
<td>33</td>
<td>52</td>
</tr>
<tr>
<td>40 &lt; 50 Years</td>
<td>36</td>
<td>30</td>
<td>82</td>
</tr>
<tr>
<td>50 &lt; 60 Years</td>
<td>21</td>
<td>18</td>
<td>100</td>
</tr>
<tr>
<td>60 and Above</td>
<td>0</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>120</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher’s Field Survey, 2016

The majority of the respondents were within the age group of 30 years and above. This indicates that members of the host communities of the selected companies are more matured, active and agile.

Table 5 revealed that 101 respondents, representing 84% of the respondents were married, 16 (13%) were single and 2 (2%) were widowers. However, there was no respondent who was a widower. The analyses showed that majority of the respondents were married.

Table 6 showed that 87 of the respondents, representing 73% were having first degree, 16 respondents (13%) were having master degree, and none of the respondents (0%) had Doctoral degree, while 17 respondents (10%) had Professional qualification. Based on the analysis, majority of the respondents have the capacity to objectively respond to the questionnaire.

Table 7 revealed that 10 of the respondents (8%) had been residing in the communities for less than 5 years. However, 69 respondents (58% been) had been in the communities for 6-10 years, while 41 respondents (34%) had been in the communities for above 10 years. This implies that majority of the respondents had been residing in the communities for 6-10 years and above; which means majority of the respondents had lived in the communities long enough to give credible opinions on the issue of philanthropic CSR activities within their communities.

Data presentation and analysis

Regression analysis and model for hypothesis

H₀: Commitment to Philanthropic CSR activities by
Table 4. Marital Status.

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent (%)</th>
<th>Cumulative Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married</td>
<td>101</td>
<td>84</td>
<td>84</td>
</tr>
<tr>
<td>Single</td>
<td>16</td>
<td>13</td>
<td>97</td>
</tr>
<tr>
<td>Divorced</td>
<td>2</td>
<td>2</td>
<td>99</td>
</tr>
<tr>
<td>Widow</td>
<td>1</td>
<td>1</td>
<td>100</td>
</tr>
<tr>
<td>Widower</td>
<td>0</td>
<td>0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>120</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher’s Field Survey, 2016

Table 5. Educational Qualification.

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent (%)</th>
<th>Cumulative Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Degree</td>
<td>87</td>
<td>73</td>
<td>73</td>
</tr>
<tr>
<td>Master Degree</td>
<td>16</td>
<td>13</td>
<td>86</td>
</tr>
<tr>
<td>Doctoral Degree</td>
<td>0</td>
<td>0</td>
<td>86</td>
</tr>
<tr>
<td>Professional Qualification</td>
<td>17</td>
<td>14</td>
<td>100</td>
</tr>
<tr>
<td>Others</td>
<td>0</td>
<td>0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>120</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher’s Field Survey, 2016

Table 6. Length of Residence.

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent (%)</th>
<th>Cumulative Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5 years</td>
<td>10</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>6 - 10 Years</td>
<td>69</td>
<td>58</td>
<td>66</td>
</tr>
<tr>
<td>Above 10 Years</td>
<td>41</td>
<td>34</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>120</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher’s Field Survey, 2016

manufacturing companies in Nigeria has no significant impact on the performance of manufacturing companies. General regression model for hypothesis \((H_0)\) is:

\[
Y = a_0 + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + \mu
\]

1.

Table 8 shows profit after tax (PAT) of PZ Cussons Nigeria PLC, Cadbury Nigeria PLC and Unilever Nigeria PLC for a period of five years (2010-2014). The figures were extracted from the manufacturing companies’ Annual Reports and Accounts (2010-2014). PAT measures the level of performance of the manufacturing companies \((Y)\) in the study.

Table 9 indicates the variables \((x_1, x_2, x_3\) and \(x_4\)) that measure the degree of activities of philanthropic CSR in the manufacturing companies. The values of \(x_1, x_2, x_3\) and \(x_4\) show the total number of respondents who Strongly Agreed (SA) and Agreed (A) that philanthropic CSR activities are being carried out by the manufacturing companies. Hence, the regression model for the hypothesis \((H_0)\) is:

\[
Y = 11.781 + 0.392X_1 + 0.497X_2 + 0.471X_3 + 0.706X_4
\]

The regression equation revealed a constant value of 11.781 which represents the value of organizational performance \((Y)\) which does not depend on all the explanatory variables of organizational commitment to Philanthropic CSR activities \((x_1, x_2, x_3\) and \(x_4\)). This implies that 1% increase in any variable of commitment of manufacturing companies to philanthropic CSR activities will increase their organizational performance by 0.392, 0.497, 0.471 and 0.706%, respectively.

The analysis of the coefficients of multiple determinations \((R^2)\) which measures the goodness of fit of a model revealed \(R^2\) of 0.791. This implies that 79.10% of the systematic variations in the organizational performance \((Y)\) were being explained by the variations in philanthropic CSR activities of manufacturing companies in Nigeria \((x_1, x_2, x_3\) and \(x_4\)). This shows a good fit of the model since only about 20.90% variation is left unaccounted for.

\(H_0:\) Commitment to Philanthropic CSR activities by manufacturing companies in Nigeria has no significant impact on the performance of manufacturing companies.
Table 7. Performance variable (profit after Tax – PAT) of PZ Cussons Plc, Cadbury Nigeria PLC and Unilever Nig. Plc (Dependent Variable Y).

<table>
<thead>
<tr>
<th>S/N</th>
<th>Year</th>
<th>PZ Cussons Nig. Plc (N’ Million)</th>
<th>Cadbury Nig. Plc (N’ Million)</th>
<th>Unilever Nig. Plc (N’ Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2010</td>
<td>5,301.1</td>
<td>2,188.0</td>
<td>4,180.6</td>
</tr>
<tr>
<td>2</td>
<td>2011</td>
<td>5,217,530</td>
<td>3,677.1</td>
<td>5,490.3</td>
</tr>
<tr>
<td>3</td>
<td>2012</td>
<td>2,410,498</td>
<td>3,356.5</td>
<td>5,705.5</td>
</tr>
<tr>
<td>4</td>
<td>2013</td>
<td>5,321,187</td>
<td>6,023.2</td>
<td>4,750.5</td>
</tr>
<tr>
<td>5</td>
<td>2014</td>
<td>5,082,747</td>
<td>1,512.7</td>
<td>2,860.0</td>
</tr>
</tbody>
</table>


Table 8. Philanthropic CSR Variables and Respondents Analysis.

<table>
<thead>
<tr>
<th>S/N</th>
<th>Variable</th>
<th>No. of Respondents who accepted the statement (X_i)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ensuring the host communities benefit positively from Philanthropic CSR activities (X_1)</td>
<td>79</td>
</tr>
<tr>
<td>2</td>
<td>Creating awareness of Philanthropic CSR activities (X_2)</td>
<td>92</td>
</tr>
<tr>
<td>3</td>
<td>Ensuring adequate funding of philanthropic CSR activities (X_3)</td>
<td>102</td>
</tr>
<tr>
<td>4</td>
<td>Ensuring transparency in the discharge of Philanthropic CSR activities (X_4)</td>
<td>85</td>
</tr>
</tbody>
</table>

Source: Researcher’s Field Survey, 2016

Statistically the decision rule is:

\( H_0 : \alpha_i = 0 \) (Not significant)

\( H_i : \alpha_i \neq 0 \) (Significant); \( i = 1, 2, 3 \) and 4.

The analysis of the t-statistic (t-test), expressed as the ratio of estimated parameter to its standard error, was used to test for the individual significance of individual estimated parameters. This was carried out at 5% level of significance.

Thus, since the p-values of the estimated parameters (\( \alpha_0, \beta_1, \beta_2, \beta_3 \) and \( \beta_4 \)) where all significant at 0.05 level (i.e. having a minimum of (*)), the null hypothesis (H_0) was rejected at 5% level of significance and concluded in the alternative that commitment of manufacturing companies in Nigeria to philanthropic CSR has significant impact on organizational performance.

Conclusion

The study of CSR has been an issue of concern to individuals, organizations and government in general. This is because of its nature of contributions to improving all concerns in both private and public sectors. However, one of the components of CRS that has not been given prominent attention is philanthropic CSR which this study addressed. Therefore, the study revealed that philanthropic CSR activities have significant positive impact on organizational performance of manufacturing companies in Nigeria which posits previous results of the studies conducted by Olaroyeke and Nasieku (2015), Iqbal et al. (2014), Choi et al.(2014), Enahoro et al. (2013) and Uadiale and Fagbemi (2012).

Thus, based on the analysis of the data and the test of the hypothesis, it was found that commitment to philanthropic CSR activities by manufacturing companies in Nigeria has significant impact on organizational performance. This was proved to be true from the findings of the determinant variables \( (x_1, x_2, x_3 \) and \( x_4 \)) that: Ensuring the host communities benefit positively from Philanthropic CSR activities; creating awareness of Philanthropic CSR activities; ensuring adequate funding of Philanthropic CSR activities; and ensuring transparency in the discharge of Philanthropic CSR activities by manufacturing companies in Nigeria will collectively influence organizational performance.

Recommendations

The following recommendations are proffered based on the findings and conclusion of the study:

i. Manufacturing companies in Nigeria should create
adequate awareness on ongoing philanthropic CSR activities in their host communities to avoid the motive paradox of philanthropic CSR.

ii. Management of manufacturing companies in Nigeria should be more committed to the implementation of their companies’ philanthropic CSR activities so as to build and sustain corporate reputation locally, nationally and globally.

iii. There is dire need for manufacturing companies in Nigeria to ensure adequate funding and sustainability of philanthropic CSR activities and ensure transparency in their discharge.

iv. Manufacturing companies in Nigeria should show more commitment to achieving meaningful developments within their host communities by contributing positively to their needs and expectations such as: assisting with the provision of electricity, construction and maintenance of roads, delivery of healthcare services, advocating for peaceful, harmonic and enabling environment for all the people within their operational environment.

REFERENCES


Dane an Yingcai (2015). Relationship Between Corporate Foundation Giving and the Economic Cycle for Consumer and Industrial-Oriented Firms. *Business Society*, danepeterson@missouristate.edu


