



Impact of Corporate Social Responsibility on the Growth of Procurement Firms in Lagos, Nigeria

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Abstract: *This study examined the roles that corporate social responsibility (CSR) plays on the growth of procurement firms in Nigeria. To achieve the objective, the study utilized survey design; and data was collected through a self-administered questionnaire from a number of 384 respondents who were management staff of five purposively selected procurement firms in Lagos, Nigeria. Statistical technique software SPSS was employed to aid the data analysis. Having analyzed the data, the study found out that corporate social responsibility activities positively impacted on the growth procurement and materials firms in Nigeria. The study recommended that procurement firms should voluntarily integrate both social and environmental upliftment in their operations. It is also advised that Government should fix minimum expected actions that public procurement firms should expend on corporate social responsibility activities.*

Keywords: *CSR; Growth; Procurement Firms; Materials Management; Social Relationship*

INTRODUCTION

The concept of social responsibility of organizations which is termed CSR has received considerable interest in Nigeria in recent years. Though, business ventures have been the major advocates of CSR, many non for profit motive organizations are beginning to utilize the concept so aptly. With so many non-profit organizations failing to achieve their societal values, many of them have begins to start considering CSR (Matten and Moon, 2004). A growing body of evidence asserts that corporations can do well by doing well. Well-known companies have already proven that they can differentiate their names and reputations as well as their services if they take responsibility for the well-being of the societies and environments in which they operate. These companies are practicing Corporate Social Responsibility (CSR) in a manner that generates significant returns to their businesses.

In the recent, there is a high rise in the quest for social responsibility from the Nigerian procurement and material management sector because of its importance to the economic development of any country. Corporate social responsibility (CSR) is the continuing commitment by procurement organizations to behave ethically and contribute to economic

development while improving the quality of life of the workforce as well as the local community and society at large. The growing activities of procurement organizations in Nigeria have brought with them many side effects. Some of these consequences are positive while some are negative. The positive outcomes of industrialization include a general increase in the standard of living and a rise in the provision of better quality services and more community development programmes (Kazeem, 2011). The negative outcomes or social costs of the growth in the sector include the pollution of the environment, the increasing powerlessness of the individual consumer in a society dominated by big procurement organizations and corporate power, a rapid depletion of natural resources, etc. As a result of the declining resources of government to satisfy all the needs of the populace and the growing resources of the power of industry, the question has arisen as to what role the private sector should play in the society as a whole and for specific social groups in particular. This is what necessitated the emergence of CSR.

Corporate social responsibility is a nebulous concept that has been described in a number of ways, it is widely used in literature of sociology, anthropology, economics, politics and business administration. Most writers on corporate social responsibility see the concept as the disposition of an organization to exhibit "missionary" rather than "mercenary" attitudes toward the society. Corporate social responsibility in relation to business is the obligation of a business organization to pursue those lines of action, which are desirable in terms of objectives, and values of society. (Lawal and Sulaimon, 2007) defined it as "intelligent and objective concern, which restrains individual or corporate behaviour from ultimately destructive activities, no matter how immediately profitable, and leads to the direction of the positive contribution to human betterment. Presumably, corporate executives as agents of the owners are to be responsible for conducting the business in accordance with the desire of the owner while conforming to the basic rules of the society. The responsibility has three broad facets (Ikpeze, 1981). First is the contribution to charity. Second is the elimination of social costs. The third facet of social responsibility is the adoption and observance of ethical codes aimed at reducing business malpractices.

The purchasing organizations and units are often responsible for working with supplies to ensure the desired inward flow of materials and services. These firms may also be responsible for inventories of raw materials. The determination of production qualities and scheduling of machines and employees directly responsible for the production of goods and services are all within the domain of the production central department. The organizations handling distribution is usually responsible for the outward flow of materials from the firm to its customers. It may also be responsible for finished goods inventories and selection of transportation suppliers. It can be clearly seen that materials management is responsible for coordinating the efforts of purchasing and distribution. Hence, as we have already mentioned, materials management decisions together with appropriate CSR have a major cumulative effects on the profitability of a firm, the effectiveness of an enterprise and thus it attract considerable corporate growth.

By being committed to the societies by the procurement organizations, it protects the organizations by ensuring that the minimum legally required activities to satisfy societal expectation are done. Accommodative approach (do the minimum ethical required) is an acknowledgement of the need to support social responsibility. Procurement organizations adopting such strategy accept their social responsibility role and try to satisfy criteria of economic, legal and ethical responsibility. Proactive approach to social responsibility is designed to meet all the criteria of social performance, managers taken a proactive approach embrace the need to behave in socially responsible and go out of their ways to learn about the needs of different stakeholders and are willing to utilize organizational resources to pursue the interest of the stakeholders (Ogbeuchi, 1998). The objective of this paper therefore, is to evaluate the impact of corporate social responsibility on the growth of procurement firms in Nigeria.

REVIEW OF LITERATURE

Conceptualizing the Corporate Social Responsibility

Jenkins (2005) argues that, while the current wave of interest in corporate social responsibility (CSR) dates from the early 1990s, it is only a new manifestation of 'a longstanding debate over the relationship between business and society'. Since the rise of the corporation in the late nineteenth century, this debate has continued, through periods 'when the power of corporations is in the ascendancy and periods in which society attempts to regulate the growth of corporate power' (Ibid). In these periods when corporations have become subject to public criticism and attempts at regulation, they have attempted to re-establish their legitimacy by adopting CSR style strategies. In the late nineteenth century the emergence of large corporations and the era of the robber barons in the US led to the development of the anti-trust movement. In response, corporations emphasized corporate responsibility and philanthropy in order to prove that government regulation was unnecessary (Richter, 2001).

Corporate social responsibility has to do with an organization going out of his way to initiate actions that will impact positively on its host community, its environment and the people generally. It can be seen as a way of acknowledging the fact that some business fall outs have adverse effects on the citizens and society and making efforts to ensure that such negative impact are corrected. Posk, (2009) as a matter of fact, believe that corporate social responsibility means that a corporation should be held accountable for any of its actions that affect people, communities, and its environment. It implies that negative business impacts on people and society should be acknowledged and corrected, if possible. It may require a company forgoing some profits if its social impacts are seriously harmful to some of its stakeholders or if its fund can be used to promote a positive social good.

In emphasizing the ecological conceptualization of social responsibility, Buchholz (2001) noted that any good definition of social responsibility must contain if not all, most of the following; Responsibility that:

- i. *goes beyond the production goods and services at a profit.*
- ii. *helps in solving important social problems those that the organization are responsible for creating.*
- iii. *makes corporations have greater constituency than stockholders alone*
- iv. *makes corporations have great impacts that goes beyond marketplace transactions, and*
- v. *makes corporations serve a wider range of human values that can be captured by a sole focus on value.*

CSR can therefore be referred to as decisions and actions taken by organizations for reasons at least, particularly beyond the organization's direct economic or technical interest. For many corporate bodies giving to charities is a struggle really, their objective do not usually build-in the strategic need to support the communities that they serve. The focus totally is to maximize profit or financial returns. The thrust of their arguments centre around balancing their obligations to stakeholders, especially the shareholders.

Matten and Moon (2004) presents a conceptual framework for understanding corporate social responsibilities the, 'implicit' versus the 'explicit' corporate social responsibilities. Explicit CSR is about corporate policies with the objective of being responsible for what the society is interested in. Explicit CSR can for example be voluntary, self-interest driven corporate social responsibilities policies and strategies. Implicit CSR is a country's formal and informal institutions that give organizations an agreed share of responsibility for society's interests and concerns. Implicit CSR are values, norms and rules which result in requirements for corporations to address areas that stakeholders consider important. Business associations or individual organizations are often directly involved in the definition and legitimization of this social responsibility requirement.

The Concept of Procurement, Supply Chain and Materials Management

Cole (2001) stated that the purpose of supply –chain management is to synchronize a firm's function with those of its suppliers in order to match the flow of materials, services, and information with customer demand. Its strategic implications lie on the fact that the supply system can be used to achieve important competitive priorities. In addition, it involves the coordination of key functions in the firm such as marketing, finance, engineering, information systems, operations, and logistics. Jordan (1997) sees a supply chain as the inter-connected set of linkages between suppliers of raw materials and services that spans the transformation of raw materials into products and services, and delivers them to a firm's customers. The provision of information needed for planning and managing the supply chain is an important function in material management. One major consequence of supply-chain management is to control inventory by managing the flow of materials. Tijani-Alawe (2005) defines an inventory as a stock of materials used to satisfy customer demand or support the production of goods or services. Examples of such include customer orders for a finished product or requirements for

component parts or supplies to support the production of a good or service. In addition to these, we also have scrap as another possible outward flow from materials inventory. It should be clear that both the input and output flows determine the level of inventory. For instance, inventories will normally rise when more materials flow into the tank than flows outside. Conversely, they fall when more flows out than flows in.

Adesayo (1999) classified three categories of inventory: raw materials (RM) work-in-process (WIP) and finished goods (FG). Raw materials are inventories needed for the production of goods or services; they are generally seen as inputs necessary in the transformation processes of the firm. Work-in-process consists of items such as components or assemblies needed for a final product in manufacturing as well as in some service operations (such as service shop, mass service providers, and service factories). Finished goods in manufacturing plants, warehouses, and retail outlets are the items that are sold to the firm's customers. Please note that the finished goods of one firm may be the actual raw materials sought by another firm for its transformation processes. Tijani-Alawe (2005) defines materials management as concerned with decisions about purchasing materials and services, inventories, production levels, staffing, patterns, schedules and distribution. Such decision often affects the entire organization, either directly, or indirectly. Operations and logistics therefore play a major role in supply-chain management. The belief in some quarters is that ideally, one person within the firm should make all such decisions concerned with materials management, more so that they are so inter-related. However, the sheer magnitude of this task in most firms (for example; with thousands of employees, tens of thousands of inventory items, hundreds of work centers, several plants and thousands of supplies) often makes the suggestion impossible.

CSR and Procurement Management: The Nexus

Exploring CSR from procurement is justified because CSR in the contemporary times is becoming a potent tool used by business firms across the world to elicit support for company activities and for shaping people's worldviews (Tucker and Grimm, 2001; Raimi, 2012). This fact was corroborated by Finn (2011), that CSR has key role to play in corporate governance because the unbridled greed of boards, executive recklessness, corporate scandals and poor ethical standards in the conducts of corporation affairs precipitated global financial crisis. Therefore, there is need for the adoption of strong ethical values such as honesty, transparency, responsibility, fairness and integrity in procurement activities. These basic values he argued cut across business and ethical boundaries, and cannot be underplayed as they form part of the social contract that corporations signed with the society. Sequel to the financial crisis, he noted people of different dispensation as shareholders have started showing interest in the way their issues are managed; and procurement firms are giving importance to ethical issues. The model works that provide strong springboard for the present study are two. The first is the study by Epstein (2002) which examined the link between CSR and business. The second relevant work by Angelidis and Ibrahim (2004) explored the impact of individual's personal affiliations on Corporate Social Responsiveness Orientation.

Theoretical Anchor: Social Relationship Theory

It is a theory that focuses on interactions between individuals in their micro social group. The theory opines that people discuss issues and events in a face to face encounter, which orders their opinion, attitude and perception of such issues. As it relates thus, CSR activities and programs are further discussed by individuals in their informal settings. This theory as developed by Alfred Shutz in 1970 explained that media societies as active participants in the communication process. It therefore suffices that community and policymakers do discuss relationship strategies. The discussions and scrutiny therefore go a long way at determining the effect of such relationship. Ajzen (2001) while elaborating on the theory emphasized that it talks about interaction between different members of the society. In these interactions, interpersonal communication in a face to face situation takes pre-eminence and it is in this process that different members of the social group are able to influence one another.

METHODS

This study adopted a survey research design. The data used for this research were obtained specifically from primary source which involved using questionnaire to obtain data for research variables. The study population comprised of 551 management staff of randomly selected five reputed procurement firms in Lagos, Nigeria. The targeted population strictly comprised of management staff of the firms. These are procurement firms that have operated for at least ten years and are registered with government procurement regulatory agencies. A sample size of 377 was obtained using the formula given by Krejcie & Morgan. The sample of 377 was selected from the population using convenience sampling technique. The information gathered from the field was given and investigated with distinct measurements. The responses opinion and hypothesis were tried with mean, standard deviation and regression analysis was used to test the formulated hypothesis. Mean scores above 2.5 were accepted while values below were rejected indicating low acceptability of the question. The instrument was validated through construct validity and an exploratory factor analysis is employed to validate the underlying constructs of CSR on the growth of procurement firms. The result of reliability test shows a overall Cronbach Alpha of 0.811, indicating high reliability of the instrument.

RESULTS

Using the sample size determination technique, the study arrived at a sample size of 377. Questionnaires were therefore distributed to the staff of the selected procurement firms. The total response rate is approximately 98.4%. Of the 371 copies of returned questionnaire, only about 361 were retained because 10 of the returned copies of questionnaire were excluded for having missing values. This is shown in Table 1 below:

Table 1: Questionnaire Distribution and Retention

Description	Total
Questionnaire Distributed	377
Questionnaire Returned	371
Questionnaire with Missing Values	10
Questionnaire Retained	361

Source: Field Survey, 2021.

Out of the management staff of procurement firms sampled, 32 (8.9%) were between the age group of 18-27 years, 87 (24.1%) between 28-37 years, 200 (55.4%) between 38-47 years and 42 (11.6%) above 48 years. The marital status of the respondents shows that 133 (36.8%) were single, 139 (38.5%) were married, 28 (7.8%) were widows while 61 (16.9%) were widowers. This implies that the procurement firms is dominated by individuals who were married. The qualification of the respondents shows that 152 (42.1%) posses GCE/SSCE, 92 (25.5%) posses ND/NCE, 85 (23.5%) posses HND/Degree while only 32 (8.9%) posses Masters/PhD. This implies that graduates were more attracted to the procurement firms due to high level of unemployment for graduates.

Table 2: Dimensions of Corporate Social Responsibility of Procurement Firms

Question	Mean	SD
– Q1 parties provides the building of schools blocks	2.61	1.214
-Q2 There is sufficient donations by procurement firms for humanitarian causes	2.59	1.208
-Q2 procurement firms sponsors for youth development programmes	3.58	1.070
-Q4 There is provisions for communities projects	3.68	1.023
-Q5 Procurement firms provides necessary support constituency projects	3.49	1.247
Average	3.91	.542

Source: Field Survey, 2021.

With respect to the dimension of CSR, the mean for respondents response to the question on CSR was 3.91 (SD=.542) indicating that the respondents rate high on the dimension of CSR. Specifically, the mean score for Q1 was 2.61. The model one which indicated that CSR affect the growth of procurement firms was also significant with $F(1,359) = 449.185, p < 0.001$ as shown in Table 3. Also the model one explains 0.556 or 55.6% of the moderation between entrepreneurial orientation and performance. The model reports the following: $R = 0.746, R^2 = 0.556$, Adjusted $R^2 = 0.555$ as Table 5 reports.

Table 3a: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	25.588	1	25.588	449.185	.000 ^b
	Residual	20.450	359	.057		
	Total	46.038	360			

a. Dependent Variable: Growth

b. Predictors: (Constant), CSR

Source: Author computation

Table 5b: Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.746 ^a	.556	.555	.239

a. Predictors: (Constant), CSR

b. Dependent Variable: Growth

As indicated in the result of the analysis, the null hypothesis was rejected indicating that CSR positively affect the growth of procurement firms. Similar research conclusions were reported by Rosenbusah, Rauch & Bausch (2011) result suggested that environmental actions and supports affect firms' performance. However, Mojtaba, Hossien & Staffen (2013) study on the role of CSR on corporate performance, findings were inconsistent with result from the present study as result indicated that all moderators were negative. Similarly, Aluisisu & Rosli (2015) study negates our submissions.

CONCLUSION AND RECOMMENDATIONS

This study has been able to identify the effect of corporate social responsibilities on the growth of procurement firms in Nigerian society. This indicates that corporate social responsibility

contributes to a way of living a healthy life in the community. Procurement organizations has to give back to the society in which they operate; clean up all forms of environmental hazards or issues; and also provide infrastructural facilities to the society as a way of giving back and developing the society. A company cannot progress positively in a retrogressing society. It is therefore recommended as follows.

- i. Procurement firms should voluntarily integrate both social and environmental upliftment in their business philosophy and operations.
- ii. Corporate social responsibilities should be seen by the procurement organizations as social obligations that organizations owe their shareholders, the local (host) community, general public, customers, employees and the government in the course of operating, such that CSR should be included in the law and enforced on the procurement firms accordingly.
- iii. Government should fix a minimum expected actions procurement firms should expend on corporate social responsibility activities.
- iv. It is recommended that while improvement in the participation volumes by procurement firms is desirable, they should close ranks and forge common attention to address certain corporate social responsibility factors, especially those bothering on security.

LIMITATIONS AND FUTURE RESEARCHES

The present study was carried out in Lagos, Nigeria, it is imperative for a study of this nature to be replicated in other parts within the country to see if there are variations in the study findings. The study was also limited to procurement organizations in Nigeria; other non-profit organizations and some service organizations can also be explored.

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