

## Impact of Corporate Social Responsibility on Organizational Survival in Nigeria

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### **Abstract**

*The research examines the impact of corporate social responsibility on the survival of Quoted Manufacturing Firms in Abuja. The study applied a cross-sectional survey research design to elicit responses from the research participants. Again, three research hypotheses were formulated for the study and were tested using simple linear regression analysis. The findings revealed that donation, social amenities and taxation have positive significant effect on survival of Quoted Manufacturing Companies in Abuja. The study concluded that there is significant effect of corporate social responsibility on survival of Quoted Manufacturing firms in Abuja. In view of the findings, this research therefore recommends that government should put machinery in place to monitor firms' investment in CSR so as to serve as motivation for their involvement in social responsibility activities, particularly in their immediate environment.*

**Keywords:** *Corporate social responsibility, Organization, Survival.*

### **Introduction**

The area of Corporate Social Responsibility (CSR) has expanded for quite well over the last decade though there are several opinions the role of the firm in society and arguments as to if wealth optimization should be the primary objectives of a corporation. Hence, corporate social responsibility has noted that economic power has adjusted to the corporations, that is should have an increasing activity in and responsibility for addressing social challenges. Concurring the fact that the government initiate the obligations and the acceptable minimum standards for the work environment, but a firm can further improve the work environment and the quality of living of its workforce which is where social responsibility comes in as a critical factor. Thus, a firm cannot ignore the challenges of the work environment in which it operates. The poverty of a nation citizens, economic burden, political unrest, and the exhaustion of natural resources can have destructive and adverse effects for a corporation. For instance, as a manufacturing company, resources that are inputs in the production process which at the beginning of the industrial revolution were adequate are now in several regions of the planet scarce, polluted, or diminishing. Expectedly, this imposes an extra cost to the corporations and could force them to relocate or to cease operations. Researchers' perspective differs in the manner that from one perspective they can see that firms may be poorly equipped to address some of the social or environmental challenges, but from another perspective, no matter how poorly equipped, firms may still be best positioned to solve the challenges posed before them.

Adoption of the CSR principles involves costs. These costs might be short term in nature or continuous outflows that is long term. These costs might involve the purchase of new environmentally friendly equipment, the conscious change of management structures, or the implementation of stricter quality controls. Since being socially responsible involves economic and

social costs, it should generate benefits as well in order to be a sustainable business practice. A corporation could not continue a policy that constantly generates adverse cash flows or loss. The shareholders invest their funds in a corporation, expecting the highest possible risk adjusted returns. Thus, being socially responsible should have positive returns or benefits in order to be sustainable.

Firms which seem to have a strong CSR commitment often have an increased ability to attract and to retain employees (Arouri et al, 2019), which therefore leads to reduced turnover, recruitment, as well training costs. There are several other issues that are to be considered under CSR and such include the firm's commitment to act responsibly so that its actions may work with the development of the society. Another issue is referred to meeting the stakeholder's (owners) needs. The third is to move a step forward from what is stipulated by the law. Additionally, firms that better their working conditions and labour practices also experience an increase in productivity and reduced error rates. Regular controls in the production facilities throughout the world ensure that all the employees work under good conditions and earn living wages as well. Though, these practices are expensive, but the increased productivity of the employees and improved quality of the products generate positive cash flows that cover the associated costs. Thus, firms may actually benefit from socially responsible actions in terms of employee morale and productivity (Baumobi et al, 2019; Bereskin et al, 2018). Most firms are too busy going after short-term financial benefits propelling them to ignore the strategic value of CSR attached to them. The issue at hand is therefore, to make corporate organizations comprehend how social responsibility impact on business survival and performance at various levels of the organization. The thrust of this study is to examine the extent in which CSR have propelled the survival of manufacturing firms in Abuja, Nigeria.

### **Research Objectives**

The main objectives of this research are to examine the impact of Corporate social responsibility on organizational survival. However, the study shall achieve the following specific objectives:

1. To examine the extent in which CSR donation have significant effect on survival of manufacturing companies in Abuja.
2. To determine whether CSR on provision of social amenities have significant effect on survival of manufacturing companies in Abuja.
3. To evaluate how CSR on taxation has significant effect on survival of manufacturing companies in Abuja.

### **Research Hypotheses**

To achieve this objective, the following hypotheses were raised and address:

**H<sub>1</sub>:** CSR donation does not have significant effect on survival of manufacturing companies in Abuja.

**H<sub>2</sub>:** CSR on provision of social amenities have no significant effect on survival of manufacturing companies in Abuja.

**H<sub>3</sub>:** CSR on taxation has significant effect on survival of manufacturing companies in Abuja.

### **Literature Review and Theoretical Framework**

#### **Corporate Social Responsibility**

The term Corporate Social Responsibility has no one or particular concept as several scholars at various times attempt to give their own definition anchored on the perception of the concept. However, this study attempts to define it by looking into various opinion by different scholars (Buchanan et al, 2018) argued that "there is no exact definition of Corporate Social Responsibility (CSR), nor is there an accepted single technique or approach that all firms need to follow. There are multiple variables that could be incorporated into an action plan. Therefore, firms must, therefore

develop their own definition of what CSR entails, and formulate an action plan to execute their operations in a socially responsible manner towards their vast network of internal and external stakeholders, including the community, employees, shareholders, creditors, analysts. Corporate Social Responsibility sees to those management fundamentals, policies, procedures and actions that have the advancements of society's welfare as one of their primary objectives (Christensen et al, 2017 & Edna et al, 2021).

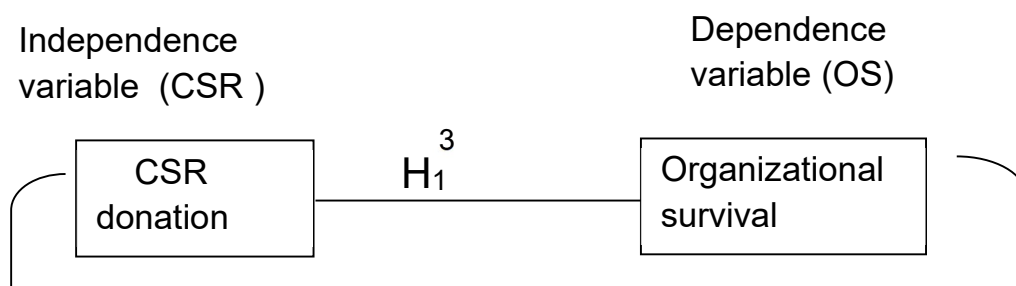
Cronquist et al (2017) noted that one of the most frequently cited definitions, CSR is 'a concept whereby firms integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. Davidson et al (2019) also made a very good attempt in defining CSR. Davidson et al (2019) argued that with so many conflicting interests and goals of stakeholders, the definition of CSR is not always clear. For the purpose of his research, CSR is seen as an action that appear to further some social good, beyond the interest of the firm and that which is required by law.' In this definition, voluntary aspect of CSR is also emphasized while he further maintained that it is beyond the interest of the firm. It is obvious that not every CSR carried out by a firm is beyond their interest, in fact one would adduced that it is as much their interest since it will boost the perception of the firm in the eye of the host community, therefore, it will bring about a relative peace which will enable the firm to operate peacefully and avoid loss of man hour and high security cost due to risk of invasion by the host community.

### Organizational Survival

The capacity or status of a firm to continue to exist, typically in the face of adversity, constraints, or dangers, is known as organizational survival. There are several subjective and objective concepts associated with organizational survival. Observing an organization's continued existence is the most scientific approach to measuring its survival. the nature of mergers and acquisitions, this is problematic (Malik & Crane, 2015; Nzewi et al, 2023). As long as a IRM purchases inputs from suppliers and delivers product to a certain audience, it is considered to have survived (customers, clients, etc.). When coalitions of its resource suppliers are unable to be persuaded to contribute resources and the firm is unable to compensate resource providers for prior contributions, the organization is viewed as having failed (Brigham et al, 2016). Additionally, Ana et al (2022) and Malik et al (2015) claimed that organizational leaders must overcome this challenge if they are to survive in a changing environment. This implies that a firms executives need to be flexible and aware of the outside factors affecting it in order for it to remain viable. They may accomplish this by continuously surveying their environments. The capacity of a business to endure in both internal and external contexts is essential to its survival. Every business aspires to continue operating. More so, since surviving is the main goal of most organizations (Leni et al, 2022) concludes that the accomplishment and execution of other firm goals are aided by paying attention to this purpose.

### Nexus between CSR and Organizational Survival

There are several theoretical and empirical evidences on how corporate social responsibility leads to organizational survival (Uchenna et al, 2022). Therefore, this study specifically examines the relationship between the decomposed independent variable of CSR donation, social amenities and taxation with the dependent variable organizational survival. This study explores how CSR donation, social amenities and taxation leads to organizational survival thereby showing the specific relationship between each of these proxies of independent and dependent variables. The diagramic relationship is presented in figure 1.



Source: Researchers compilation, (2025).

**Fig 1: conceptual model**

The figure shows the conceptual model which displays the relationship between the independent and dependent variables. The figure specifically shows the relationship between corporate social responsibility and organizational survival.

**Theoretical Framework**

This study aims to use stakeholder theory to analyze the organizational survival of quoted manufacturing firms. Although the stakeholder concept has been extensively researched over the past two decades it is frequently defined as the ‘opposite’ to the shareholder (or stockholder) model. Other stakeholder theorists summarize the two basic principles defining the stakeholder concept as follows: “that to perform well, managers need to pay attention to a wide array of stakeholders, and that managers have obligations to stakeholders which include, but extend beyond, shareholders” (Nalimi 2015, Uchenna et al, 2021; Uchenna et al, 2022). From a rather business-driven perspective, stakeholder theory interest lies in three premises: “organizations have stakeholder groups that affect and are affected by them; these interactions impact on specific stakeholders and the organization; and perspectives of salient stakeholders affect the viability of strategic options (Rowbottom & Locke 2016; Zunaidi et al, 2022). However, the stakeholder theory does not reject profitability as a corporate purpose, but rather broadened the shareholder model. The stakeholder approach recognizes the legitimate claim of shareholders, but challenges the idea that shareholders should be either the only claimants or the privileged ones over the interests of other legitimate claimants (Zunaidu, 2021).

## Methodology

This study carried out a cross- sectional survey research design for the study. The population of the study comprised of five thousand employees of manufacturing firms operating in the Federal Capital Territory. However, the sample size of 344 was used. A structured questionnaire was used as the research instrument to collect primary data from respondents. This study assessed corporate social responsibility through the use of donation, social amenities and taxation (Buchanan et al, 2018). Corporate social responsibility and organizational survival are the two thematic areas covered in the study. Therefore, Buchanan et al (2018) offered the measurement for corporate social responsibility. In the instance of organizational survival, Drck (2019) scale of measurement was used. This study focused on the employees as the unit of analysis. A five-point Likert scale (1 = strongly disagree, 5 = strongly agree) was used in the study to measure the scale. Simple and multiple regression analyses as inferential statistics was used to test the relationships between corporate social responsibility and organizational survival.

## Reliability of the Instrument

Reliability of the research instrument study was carried out to determine the internal consistency of the research instrument. To this end, Achimugu et al (2015) argued that an instrument is reliable if it gives similar outcomes under consistent circumstances. Adefila (2014) further concluded that any coefficient of reliability that is up to 0.70 and above is considered reliable. In testing the reliability of the research instrument, the researchers therefore conducted a pilot study by distributing questionnaires numbering thirty (30) to the target respondents through the help of the three trained Research Assistants; the Cronbach Alpha coefficient measure of internal consistency was adopted. The reliability of the research instrument using Cronbach alpha reliability test with the Statistical Package for Social Sciences (SPSS) yielded the result of 0.85 for items on independent variable, 0.79 for items on dependent variable thus giving the average reliability result of 0.82. The reliability result is showed in table 1.

**Table 1. Reliability Statistics**

Proxies/ Independent Variable	Number of items	Cronbach Alpha
Independent variable	9	0.85
Dependent Variable	9	0.79

Source: SPSS statistical analysis

The table revealed that all the variables have Alpha Values above 0.70. Thus, in line with the submission of Adefila (2014) the instrument is deemed reliable.

## Data Analysis and Result

### Descriptive Statistics

This section is fundamentally concerned with the descriptive statistics for the variables used in the study. Descriptive statistics in the form of means and standard deviations for the variables of this study were computed. Table 2 presents the result of the analysis.

**Table 2**

*Descriptive Statistics of the Studied Variables*

Construct	N	Mean	Std. Deviation
Donation	310	2.65	0.76
Social amenities	310	3.43	0.56
Taxation	310	3.45	0.60
Organizational survival	310	3.63	0.55

The descriptive statistics for all the variables of this study are as shown in Table 1. All these variables were measured using a five-point Likert scale. From the table, a mean response of 2.35 and standard deviation of 0.76 were recorded for donation. This is above the average value (2.5) of the Likert scale used in the study. Also, a mean of 3.43 and standard deviation of 0.56 were recorded for social amenities which is also higher than the average value of 2.5 measured by the Likert scale used in this study. Likewise, the study recorded a mean value of 3.45 and standard deviation of 0.60 for taxation. Lastly, the mean and standard deviation of 3.63 and 0.55 respectively were recorded for organizational survival. In summary, the result indicated that the variables of this study are well practiced as CSR in the organizations under study.

### Correlation Analysis

Correlation analysis was conducted to establish the relationship between the variables of this study. Table 3 presents the result.

**Table 3: Correlation Analysis**

Construct	DJ	PJ	IJ	CB
Donation	1			
Social amenities	.449**	1		
Taxation	.228**	.640**	1	
Organizational survival	-.351**	-.612**	.581**	1

As shown in Table 3, the correlations between the constructs were sufficiently below the suggested threshold values of .90 or more, which suggests that the constructs were independent and not highly correlated. Secondly, following the examination of correlation matrix for the constructs, it can be observed that donation was positively correlated with social amenities and taxation but negatively correlated to organizational survival. In the same vein, social amenities was positively correlated with taxation but negatively correlated with organizational survival. Lastly, taxation has a positive relationship with organizational survival.

### Regression Result

The regression result shows the effect of each independent variable to the dependent variable. This section also presents the F statistics,  $R^2$  and adjusted  $R^2$  of the model. Table 4 presents the summary of the regression result.

**Table 4: Regression Results**

Dependent Variable: FINS				
Variable	Coefficient	Std. error	t-statistic	prob.t
(Constant)	0.120	0.157	7.592	0.079
Donation	-0.346	0.035	2.521	0.003
Social amenities	-0.332	0.060	5.708	0.001
Taxation	0.120	0.051	5.972	0.037
R- squared	0.447			
Adj. R- squared	0.441			
F-statistics	82.347			
Durbin-Watson	1.608			

Source: Computed using SPSS

Table 4 shows regression results of the model. The model consists of dependent variable which is organizational survival and independent variables which are donation, social amenities and taxation. In the model the multiple coefficients of determination  $R^2$  is 0.447. This means that 44.7 percent of change in organizational survival was caused by changes in the combined effect of donation, social amenities and taxation. The remaining 55.3 percent can only be accounted for by other factors not included in the model of this study. The f-statistics is 82.347 with p-value of 0.000 which is less than 0.05 and is statistically significant which mean the model is fit, because it accounts for the variation in the dependent variable.

The effect of donation on organizational survival is positive with coefficient value of -0.346, meaning that a unit increase in the donation while other variable remains constant lead to a decrease in organizational survival by 34.6 percent. The result also revealed a significant effect of Donation on organizational survival ( $P < 0.05$ ). The study therefore rejected the hypothesis that states that donation has no significant effect on organizational survival. Furthermore, the effect of social amenities on organizational survival is negative with coefficient value of -0.332, meaning that a unit increase in the social amenities while other variable remains constant lead to a decrease in organizational survival by 33.2 percent. The result also revealed a significant effect of social amenities on organizational survival ( $P < 0.05$ ). The study therefore rejected the hypothesis that states that social amenities have no significant effect on organizational survival. Lastly, the effect of taxation on organizational survival is positive with coefficient value of 0.120, meaning that a unit increase in the taxation while other variable remains constant lead to an increase in organizational survival by 12 percent. The result also revealed a significant effect of taxation on organizational survival ( $P < 0.05$ ). The study therefore rejected the hypothesis that states that taxation has no significant effect on organizational survival.

### **Policy Implementation**

The findings in this study indicate that, all the variables used have statistical impact though at different levels of significance. This implies that both regulatory authorities and companies must take corporate social responsibility issues very seriously as it could have a significant impact on their overall organizational survival. There is a need for every company to be rendering social responsibility every now and then as this could bring about an enhancement in their profitability. However, this could become achievable by in-building into their policy statements and backed up by objective budget plans. Also, there is a need for regulatory authorities to come up with clearly defined regulations on how to go about social responsibility issues of the companies and the government should however ensure its full implementation.

### **Conclusion**

From the empirical data of the study showing a positive significant relationship between corporate social responsibility (natural logarithms of the total amount spent by the manufacturing firms) and organizational survival (return on assets, earnings per share, dividend per share and return on equity) of quoted manufacturing firms in Nigeria, it can be concluded that the amount spent by the manufacturing firms from their annual earnings in providing corporate social responsibility services to the operating community aids organizational survival. The findings of this study show a positive significant relationship between corporate social responsibility and all the organizational survival variables (return on assets, earnings per share, dividend per share and return on equity) of quoted manufacturing firms in Nigeria. Unquoted manufacturing firms are thereby encouraged to have their equity listed on the Nigerian stock exchange and to also comply with the regulations of the stock exchange market. The period of listing of manufacturing firms on the stock exchange is highly

influencing their organizational survival. In line with the findings of the study that show statistical significance of the variables under study, we conclude that corporate social responsibility plays a significant role on the organizational survival of manufacturing firms in Nigeria.

## Recommendations

1. CSR projects should be well structured and implemented for maximum effect. This would enhance the well-being of the beneficiaries.
2. Firms should liaise with community head to identify areas or opportunities available to them to better the lives of the people through the provision of social amenities. This will go a long way to improve the general living standards of the people. Manufacturing firms in Nigeria should increase their investment in CSR as this would enhance their marketability of their products and increase their profits before tax.
3. Again, as corporate social responsibility has cost implications linked up with it, there is the need for the employees to become more effective and efficient in discharging their functions. By being effective and efficient the firms can be able to produce products at less cost which by extension means part of the money saved could be used in attaining responsibility issues.
4. Considering the fact that corporate responsibility leads to profit maximization management of conglomerate should ensure that the responsibility is inbuilt into their policy statements and back it up with effective budget.

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