

Corporate Social Responsibility and Employees' Performance of Companies in Kwara State

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ABSTRACT: The study examined how corporate social responsibility affected Kwara State businesses' employees' performance. The study used primary data collected by distributing questionnaires to employees of selected Kwara State businesses. To determine the sample size, 576 people were selected, and the sampling technique used in the study was Creswell and Creswell (2012). To analyse the collected data, the study used Partial Least Square (PLS) Structural Equation Modelling. The study's findings demonstrated that Kwara State employees' performance is positively impacted by their philanthropic duties. The study also showed that Kwara state employees' performance is positively impacted by education responsibility. Lastly, the results demonstrated that Kwara state employees' performance is positively impacted by ethical responsibility. According to the study, CSR significantly affects how well employees perform in Kwara State businesses. According to the report, businesses should practise environmental responsibility to improve employee performance.

Keywords: Corporate Social Responsibility; Employees' Performance, Performance.



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INTRODUCTION

The issue of corporate social responsibility (CSR) has grown more complex and important in the current era of globalisation and the complex business environment, especially in light of community expectations. At the moment, organisational management is concentrated on successfully resolving these issues and satisfying business owners' demands ([Seelos & Maak, 2016](#)). Additionally, there are problems brought on by changing consumer preferences, stricter government rules for businesses, and an increase in demand from a wide range of stakeholders ([Itoya et al., 2022](#); [Tai, 2022](#)). As a result, corporate social responsibility—also referred to as social or community support—has emerged as a key business strategy.

that any forward-thinking firm must take into consideration if it is to prosper and improve operational effectiveness in the modern business environment ([Obiekwe & Nwaeke, 2019](#); [Kolawole et al., 2021](#); [Chebbi & Ammer, 2022](#)). In this context, the perception and reputation of A company has a big impact on how well society as a whole accepts its name and goods. Because businesses operate within and rely on society, as well as on societal patronage and other forms of support for their survival, they must demonstrate social responsibility. This is because businesses

and society are inherently intertwined (Warfield, 2018; Maqbool & Hurrah, 2020). Osemene and Fagbemi (2017) assert that a business organisation must exhibit a proactive approach in meeting the demands of its immediate operational environment if it is to prosper in the current, fiercely competitive landscape (Zhang and Liu, 2023; Coelho, Jayantilal & Ferreira, 2023).

The organisation should also position itself as a morally upright one that prioritises the well-being of the local community in which it operates. According to a study by Hasan et al. (2021), KPMG discovered that 92% of the top 250 multinational corporations disclosed information about their social performance in either their annual financial reports or their corporate social responsibility (CSR) reports (Ojuando & Kihara, 2022; Al Lawati & Hussainey, 2022). Nonetheless, the need to increase profits drives a lot of Nigerian businesses, frequently at the expense of their clients and staff. The needs of host communities, worker welfare (with a preference for cheap labour), environmental conservation, and community development were all not adequately addressed by some businesses (Osemene, 2012; Al-ma'ani, Al-Qudah, & Shrouf, 2019; Yunusa et al., 2023).

The relationship between CSR and financial success has been particularly examined in several research (e.g., Omoro et al., 2014; Iqbal, Ahmad, Hamad, Bashir, & Sattar, 2014; Singh & Misra, 2021; Hayat, Naim, & Aziz, 2022). An investigation of the impact of corporate social responsibility (CSR) on the non-financial activities of Nigerian companies is yet necessary. Thus, this study especially looked at the relationship between CSR and Kwara State businesses' employees' performance. Furthermore, corporate social responsibility has been categorised as a single variable in previous studies. Corporate social responsibility (CSR) was divided into several areas in this study, including economic, charitable, ethical, environmental, and educational responsibilities. The following section will address methodology, followed by the presentation and analysis of data in the third section and the conclusion and suggestions in the fourth.

METHOD

For this study, survey research procedures and archive approaches were used. Survey research was used to collect data on respondents' perceptions of CSR and employee performance. This is because it makes it possible to analyse the primary goal of the study in great detail, which is why this research strategy was thought to be appropriate. Employees of businesses in Kwara state were given questionnaires to complete to collect the data used in this study. To ensure the content validity of the research, copies of the instrument were given to colleagues in professional and academic accounting. Their insightful recommendations were incorporated into the completed questionnaire. The research questions and hypotheses were tested by estimating structural equation modelling using partial least square (PLS) 4.0. Structural equation modelling using partial least square (PLS) 4.0 was chosen because it describes the relationship between a dichotomous response variable and a set of explanatory variables rated on a five-point Likert scale with answer choices of strongly agree (SA), agree (A), disagree (D), and strongly disagree (SD) with weights of 5, 4, 3, 2, and 1, respectively.

However, the sample size was determined by Creswell and Creswell (2012). **Sample Size - Infinite Population** (where the population is greater than 50,000).

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$$SS = \frac{Z^2 \cdot p \cdot (1-p)}{C^2} \dots \dots \dots (1)$$

$$C^2$$

SS = Sample Size

Z = Z-value(1.96 for a 95 percent confidence level)

P = Percentage of population picking a choice, stated as decimal (0.5)

C = Confidence interval, expressed as decimal (.04 = +/- 4 percentage points)

$$SS = \frac{3.8416 \times .5 \times .5}{0.0016} \dots \dots \dots (2)$$

$$SS = 600$$

$$NewSS = \frac{ss}{1 + \frac{(ss-1)}{population}} \dots \dots \dots (3)$$

Note: Compute the sample size using the infinite population formula first. Then, use the sample size obtained from that computation to compute a sample size for a finite population.

Example:

$$NewSS = \frac{600}{1 + \frac{(600-1)}{13988}} \dots \dots \dots (4)$$

$$New SS = 575.631$$

$$New SS \approx 576$$

Thus, to ascertain the questionnaire forms to be distributed to participants, the researcher made use of 576 participants. 576 copies of questionnaire were distributed to staff of some companies in Kwara state.

Model Specification: Model for Corporate Social Responsibility and Employees' Performance

To address the aim three of this research which is to assess the influence of CSR on employees' performance of companies in Nigeria, the following model is specified:

$$EMP = f(PHR, EDR, ENVR, ETHR, ECNR) \dots \dots \dots (5)$$

Which transforms into:

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$$EMP = \beta_0 + \beta_1PHR + \beta_2EDR + \beta_3ENVR + \beta_4ETHR + \beta_5ECNR + \mu \dots \dots \dots (6)$$

Where:

EMP= Employees' Performance

PHR= Philanthropy Responsibility,

EDR = Educational Responsibility

ENVR= Environmental Responsibility

ETHR= Ethical Responsibility and

ECNR= Economic Responsibility.

μ = Error term

RESULT AND DISCUSSION

Table 1. Descriptive Statistics and Normality Test

	Mean	Median	Min	Max	Standard Deviation	Excess Kurtosis	Skewness	Number of Observations Used
Economic Responsibility	4.159	4.000	2.000	5.000	0.573	0.505	-0.151	226.000
Educational Responsibility	3.739	4.000	2.000	5.000	0.861	-1.216	0.323	226.000
Employees' Performance	4.004	4.000	1.000	5.000	0.628	3.082	-0.869	226.000
Environmental Responsibility	3.673	3.000	2.000	5.000	0.830	-1.102	0.537	226.000
Ethical Responsibility	3.690	3.000	3.000	5.000	0.799	-1.170	0.618	226.000
Philanthropic Responsibility	3.690	3.000	3.000	5.000	0.777	-1.101	0.603	226.000

Source: Authors Computation, 2024

Table 1 presents the mean and standard deviation of the variables/indicators utilized in the research, and these came from the study. To evaluate the alignment of indicators, a criterion mean of 2.50 and standard deviation of 1.5 were established. Indicators with a mean significantly above the 2.50 benchmark are thought to have a significant impact on the study, while items below the 2.50 benchmark are thought to have a strong lack of influence. A standard deviation of less than 1.5 indicates minimal variation or changes from the mean, while a value above 1.5 indicates a high deviation from the mean. Finding the indicators that are above the predetermined reference point for the mean and below the benchmark for the standard deviation is necessary to find the elements that have a significant impact. Overall, all indicators have values above the criterion of 2.5 for

mean and below 1.5 for standard deviation, as the table illustrates. This implies that the answers are reliable enough to be used for more research and to draw reliable study findings.

Assessment of Measurement Model

The hypothesis focusses on CSR and employee performance to evaluate how CSR affects organisational performance.

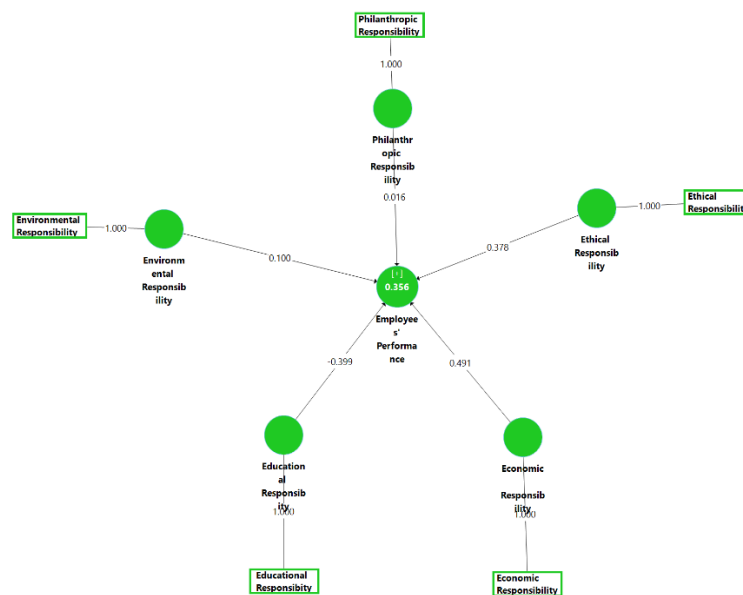


Figure 1: A path model of CSR determinants and Employees' performance

Source: SmartPLS Output, 2024

The route model of the CSR determinant and employee performance was displayed in Figure 1. Where a single variable contributes to the latent variables, the graphic illustrates interaction influence. It has been established that if a latent variable has only one indicator, the outer weight model's weight will also be one (1). The outer weight model's absolute maximum value is one (1). Since all of the loading weights were higher than 0.50, the results of the outer model weights explain why the strong loading could not be disregarded. According to the literature, these factors were also important parts of the latent variables.

Multicollinearity

The link between the independent variables was assessed in this study. It seeks to ascertain whether two independent variables are producing comparable results and are not associated. This study uses the variance inflation factor (VIF) to assess potential correlations between the independent variables.

Table 2. Inner VIF Values

	Economic Responsibility	Educational Responsibility	Employees' Performance	Environmental Responsibility	Ethical Responsibility	Philanthropic Responsibility
Economic Responsibility			2.200			
Educational Responsibility			3.758			
Employees' Performance						
Environmental Responsibility			5.932			
Ethical Responsibility			5.704			
Philanthropic Responsibility			3.329			

Source: Authors Compilation, 2024

Table 4.15 represent the VIF values for the latent variables connected to employees' performance. All of the indicators' VIF levels are far below the benchmark value of 10, which is 10, indicating a positive indicator. It suggests that these variables do not significantly exhibit multicollinearity. Stated differently, these variables are included in this analysis without significant multicollinearity problems because they have a modest association with one another.

Table 3. Bootstrapping Path Coefficients

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Economic Responsibility -> Employees' Performance	0.491	0.495	0.104	4.744	0.000
Educational Responsibility -> Employees' Performance	-0.399	-0.410	0.166	2.402	0.016
Environmental Responsibility -> Employees' Performance	0.100	0.093	0.196	0.512	0.609
Ethical Responsibility -> Employees' Performance	0.378	0.402	0.196	1.923	0.055
Philanthropic Responsibility -> Employees' Performance	0.016	0.004	0.134	0.121	0.904

Source: Authors Compilation, 2024

The direct null hypothesis that CSR determinants do not significantly affect employees' performance was examined using the bootstrap path coefficient analysis shown in table 3. In this instance, the results demonstrate that economic and educational responsibility as CSR determinants have a significant impact on employees' performance, as evidenced by the p-values being below the conventional significance level of 0.05 and the T statistics being greater than 1.96. Examining other avenues for philanthropic, ethical, and environmental responsibility reveals that

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they are not statistically significant as CSR determinants on employees' performance because the T statistics are less than 1.96 and the p-values are greater than the conventional significance level of 0.05, providing strong evidence that these determinants should be adequately monitored to guarantee improved employee performance.

Table 4. Coefficient of Determination Value

	R Square	R Square Adjusted
Employees' Performance	0.356	0.342

Source: Authors Compilation, 2024

Table 4 displays the coefficient of determination, which stands for R-squared, which is used to assess a model's goodness of fit. The model's R-squared values, which are over 20%, indicate that the independent or latent factors included in the model moderately explain the variability in the dependent variable (workers' performance). This implies that the model accounts for and explains the minor differences in worker performance that have been noticed. However, a greater number of observed differences in employees' performance can be explained by characteristics not included in the model.

Table 5. Assessment of the Effect Size (f^2)

	Economic Responsibility	Education al Responsibility	Employee s' Performan ce	Environmen tal Responsibility	Ethical Responsi bility	Philanthrop ic Responsibility
Economic Responsibility			0.170			
Educational Responsibility			0.066			
Employees' Performance				0.003		
Environmen tal Responsibility					0.039	
Ethical Responsibility						0.000
Philanthropi c Responsibility						

Source: Authors Compilation, 2024

In statistical analysis, the effect size, denoted as f-square, is shown in table 5 and indicates how strongly independent variables relate to or impact a dependent variable. The effect sizes of several

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latent factors on "employees' performance" were investigated in this study. The f-square value of each CSR determinant on employee performance is less than 0.35. Except environmental responsibility, which has a tiny effect size and philanthropic duty has no contribution, this shows a moderate effect size, meaning that the factors have a discernible impact on employees' performance. Therefore, moderate changes in employees' performance can be explained by variations in each of the CSR determinants.

According to the research of Ali et al. (2010), Sujana (2013), Belinda (2014), and Solanke et al. (2023), the results of this study also demonstrated a positive relationship between CSR variables (such as philanthropy responsibility, education responsibility (EDR), and ethical responsibility (ETHR) and the performance of employees of businesses in Kwara state. These results are consistent with stakeholder theory, which is based on the idea that corporate social responsibility (CSR) is a contractual relationship that is self-sustaining when a company's present value gains from maintaining its reputation outweigh the expenses associated with CSR activities ([Rui et al., 2001](#); [Setiawan et al., 2022](#); [Obiekwe & Nwaeke, 2019](#); [Albuhisi & Abdallah 2019](#)). Consequently, it is necessary to reject the null hypothesis, which states that CSR has no discernible impact on the performance of businesses' employees in Kwara State.

CONCLUSION

By examining the impact of ethical and educational responsibilities on the performance of businesses in Kwara state, the study added to the body of knowledge in the area of corporate social responsibility. This study also took into account the relationship between CSR and employee performance in a novel way. The study concludes that Kwara State employees' performance is impacted by corporate social responsibility. Ultimately, it was determined that CSR affects Kwara state businesses' performance. To enhance their effectiveness, Kwara State company administrators ought to be more involved in environmental duties. Future research should concentrate on how CSR affects the attitudes of deposit-taking banks' customers in Nigeria.

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