

**STAKEHOLDER PRIORITIES AND  
CORPORATE SOCIAL RESPONSIBILITY  
ORIENTATIONS: THE MODERATING EFFECTS  
OF ETHNICITY AND RELIGION IN THE  
NIGERIAN FINANCIAL SECTOR**

by

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## **TABLE OF CONTENTS**

Acknowledgement	ii
Table of Contents	iii
List of Tables	ix
List of Figures	x
Abstrak	xi
Abstract	xiii

### **CHAPTER 1 - INTRODUCTION**

1.1 Background of the Study	1
1.2 Problem Statement	6
1.3 Research Objectives	12
1.4 Research Questions	12
1.5 Research Scope	13
1.6 Significance of the Research	14
1.6.1 Theoretical Contributions	15
1.6.2 Practical Contributions	16
1.7 Variables Definition	17
1.8 Organization of the remaining Chapters	19

### **CHAPTER 2 - LITERATURE REVIEW**

2.1 Introduction	21
2.2 Definitions and Scope of CSR	24
2.3 Historical Development of CSR	30

2.3.1	CSR from 1960's to 70's	31
2.3.2	CSR from 80's to 2000	32
2.4	Nigerian Socio economic Environment	34
2.5	The Nigerian Financial Sector	36
2.6	CSR Practice in Nigeria	37
2.7	Regulations on CSR in Nigeria	41
2.8	CSR Orientations	44
2.8.1	Economic Responsibilities	46
2.8.2	Philanthropic Responsibilities	47
2.8.3	Legal Responsibilities	49
2.8.4	Ethical Responsibilities	50
2.9	Stakeholder priorities	53
2.9.1	Profit Maximization	54
2.9.2	Stakeholder Pressure	55
2.9.3	Image Creation	59
2.10	Ethnicity in CSR	64
2.10.1	Ethnicity of Nigerian Managers	67
2.11	Religion of Managers	69
2.12	Relationship between Stakeholder priorities and CSR Orientations	72
2.13	Relationship between Ethnicity & SP - CSR Orientations	76
2.14	Relationship between Religion & SP - CSR Orientations	78
2.15	Summary	85



### **CHAPTER 3 - THEORETICAL FRAMEWORK & HYPOTHESES DEVELOPMENT**

3.1	Introduction	86
3.2	Theoretical Perspectives of CSR	86
3.2.1	Classical View Theory	87
3.2.2	Legitimacy Theory	90
3.2.3	Agency Theory	93
3.2.4	Stakeholder Theory	95
3.2.5	Institutional Theory	98
3.2.6	Instrumental Theory	99
3.2.7	Islamic CSR	104
3.3	Underpinning Theories	109
3.4	Conceptualization of the Research	116
3.5	Hypotheses Development	125
3.6	Summary	147

### **CHAPTER 4 - RESEARCH METHODOLOGY**

4.1	Introduction	148
4.2	Research Paradigm	148
4.3	Qualitative and Quantitative Research	150
4.4	Selection of Quantitative Research Method	151
4.5	Research Design and Methods	152
4.6	Sampling Procedures	153
4.6.1	Population of the Study	154
4.6.2	Sampling Design	156
4.6.3	Sample Size	157

4.7 Data Collection	160
4.8 Pilot Study	161
4.9 Questionnaire	162
4.10 Variables Measurement	162
4.11 Data Analysis	163
4.12 Structural Equation Model (SEM)	164
4.13 Partial Least Square (PLS)	165
4.14 Assessment of the Measurement Model	166
4.15 Assessment of the Structural Model	167
4.16 $R^2$ Values (Coefficient of determination)	168
4.17 Effect Size ( $f^2$ )	168
4.18 Predictive Relevance ( $Q^2$ )	169
4.19 Moderating Effect in PLS	169
4.20 Summary	170

## **CHAPTER 5 - DATA ANALYSIS AND FINDINGS**

5.1 Introduction	171
5.2 Non-response Bias	171
5.3 Profiles of the Respondents	173
5.4 Descriptive Statistics of the Latent Variables	175
5.5 Common Method Variance	176
5.6 Measurement Model	177
5.6.1 Construct Validity and Reliability	177
5.6.2 Convergent Validity	178

5.6.2 (a) Factor Loading	180
5.6.2 (b) Average Variance Extracted (AVE)	181
5.6.2 (c) Reliability	181
5.6.3 Discriminant Validity	183
5.7 Structural Model	185
5.7.1 Direct Effects	186
5.7.2 Moderating Effects of Ethnicity	191
5.7.3 Moderating Effects of Religion	195
5.8 Analysis of Predictive Relevance ( $Q^2$ )	198
5.9 Summary of Hypothesis Testing	200
5.10 Partial Least Square (Multi Group Analysis) PLS-MGA	201
5.11 Summary	203

## CHAPTER 6 - DISCUSSIONS AND CONCLUSIONS

6.1 Introduction	204
6.2 Recapitulation	204
6.3 Stakeholder Priorities and CSR Orientations	206
6.3.1 Profit Maximization and Ethical Responsibilities	206
6.3.2 Stakeholder Pressure and Economic Responsibilities	209
6.3.3 Stakeholder Pressure and Legal Responsibilities	211
6.3.4 Image Creation and Economic Responsibilities	214
6.3.5 Image Creation and Philanthropic Responsibilities	216
6.3.6 Image Creation and Ethical Responsibilities	219
6.4 Moderating Effects	221
6.4.1 Ethnicity on Profit Maximization-Economic relationship	221
6.4.2 Ethnicity on Profit Maximization-Philanthropic relationship	224

6.4.3	Ethnicity on Profit Maximization-Legal relationship	225
6.4.4	Ethnicity on Stakeholder pressure-Legal relationship	226
6.4.5	Ethnicity on Image Creation-Philanthropic relationship	227
6.4.6	Religion on Stakeholder Pressure-Philanthropic relationship	229
6.4.7	Religion on Stakeholder Pressure-Legal relationship	231
6.4.8	Religion on Image Creation-Economic relationship	233
6.5	Contributions and Implications of the Findings	234
6.5.1	Theoretical Contributions	235
6.5.2	Practical Contributions	236
6.6	Limitations of the Study	240
6.7	Direction for Future Research	242
6.8	Conclusion	244
<b>REFERENCES</b>		246
<b>APPENDICES</b>		

## LIST OF TABLES

		Page
Table 2.1	CSR Definitions and Area of Focus	26
Table 2.2	Nigeria and other countries socio-economic indices	35
Table 2.3	Projected annual GDP and inflation in Nigeria	36
Table 2.4	The CSR Pyramid	52
Table 2.5	Summary of Relevant Literature Reviewed	81
Table 3.1	Theories for CSR studies	101
Table 4.1	Positivistic & Interpretive Research Paradigms	149
Table 4.2	Population size	157
Table 4.3	Sample size	159
Table 5.1	Independent t-test for early and late responses	172
Table 5.2	Respondents Profile	175
Table 5.3	Loadings and Cross Loadings	180
Table 5.4	Construct Validity	182
Table 5.5	Discriminant Validity of Constructs	186
Table 5.6	HTMT Ratio	186
Table 5.7	Direct Effects between Variables	189
Table 5.8	Summary of Path Coefficients and Hypothesis testing of the Moderating Variable (Ethnicity)	191
Table 5.9	Summary of Path Coefficients and Hypothesis testing of the Moderating Variable (Religion)	196
Table 5.10	Predictive Relevance of the Endogenous Constructs	199
Table 5.11	Summary of Hypotheses	200
Table 5.12	Multi Group Analysis (Ethnicity)	202
Table 5.13	Multi Group Analysis (Religion)	203

## LIST OF FIGURES

	Page
Figure 2.1 Literature Review Diagram	23
Figure 2.2 Evolution of Corporate Social Responsibility	33
Figure 2.3 Structure of the Nigerian Financial Sector	37
Figure 2.4 Stakeholder Priorities	64
Figure 3.1 Islamic CSR Theory	107
Figure 3.2 Islamic CSR Pyramid	108
Figure 3.3 Theoretical Framework for CSR Orientations	114
Figure 3.4 The Conceptual Framework of the Research	117
Figure 5.1 Research Model (Factor Loadings & AVE)	179
Figure 5.2 Structural Model (Path coefficients & R <sup>2</sup> Values)	187
Figure 5.3 Direct Effects PM-CSR Orientations (Path Coefficients & t values)	188
Figure 5.4 Direct Effects SP-CSR Orientations (Path Coefficients & t values)	188
Figure 5.5 Direct Effects IC-CSR Orientations (Path Coefficients & t values)	189
Figure 5.6 Moderating effects of Ethnicity on (PM-ECR) relationship	193
Figure 5.7 Moderating effects of Ethnicity on (PM-PHR) relationship	194
Figure 5.8 Moderating effects of Religion on (SP-PHR) relationship	197
Figure 5.9 Moderating effects of Religion on (SP-LER) relationship	198

**KEUTAMAAN PEMEGANG SAHAM DAN ORIENTASI  
TANGGUNGJAWAB SOSIAL KORPORAT: KESAN PENYEDERHANAAN  
KESUKUAN DAN AGAMA DALAM SEKTOR KEWANGAN NIGERIA**

**ABSTRAK**

Kajian ini mengenal pasti kerelevanan tahap keutamaan pelbagai tanggungjawab sosial korporat orientasi pengurus dan faktor yang mempengaruhi mereka dalam sektor kewangan Nigeria yang memfokuskan kepada perkaitan/hubungan antara keutamaan pemegang taruh, kesukuan, keagamaan dan tanggung jawab sosial korporat orientasi pengurus dari sudut pendekatan pemegang taruh, teori legitimasi dan empat dimensi Carroll/tanggungjawab CSR. Satu soal selidik digunakan bagi mengumpul data daripada 313 responden dalam sektor kewangan Nigeria. Kemudian, data yang dikumpul dianalisis menggunakan Model Persamaan Berstruktur Kuasa Dua Terkecil Separa (PLS-SEM). Hasil analisis menunjukkan keutamaan pemegang taruh (pemaksimuman untung, tekanan pemegang taruh, pembinaan imej) mempunyai kaitan dengan dimensi tertentu orientasi CSR (Ekonomi, Filantropi, Undang-undang dan Etika), moderasi oleh pengaruh budaya dan agama pengurus dalam sektor kewangan Nigeria. Tambahan pula, kajian menunjukkan bahawa perkaitan paling signifikan antara peramal dan hasil menjadi ciptaan imej dan tanggungjawab menderma, manakala keutamaan pemegang taruh yang relevan dalam konteks Nigeria adalah pemaksimuman keuntungan, tekanan pemegang taruh dan pembinaan imej. Orientasi CSR pengurus Nigeria paling utama ialah ekonomi, filantropi, undang-undang dan etika. Kajian ini menyumbang dari segi teori dan praktikal yang berharga kepada pelbagai pemegang taruh berkaitan dengan orientasi sosial korporat pengurus Nigeria. Sebagai tambahan, cadangan yang bermanfaat diberikan sesuai dalam konteks Nigeria. Walaupun terdapat kekangan,

kajian ini menyumbang kepada literatur orientasi tanggungjawab sosial korporat pada masa hadapan bagi orientasi pengurus CSR dalam konteks sektor kewangan Nigeria.



**STAKEHOLDER PRIORITIES AND CORPORATE SOCIAL  
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**ABSTRACT**

Given the importance of corporate social responsibility orientations among managers from different ethnic groups and religions in the Nigerian financial sector, this study examined the relationships between stakeholder priorities, ethnicity, religion and corporate social responsibility orientations from the lens of stakeholder approach, legitimacy theory and Carroll's four dimensions/responsibilities of corporate social responsibility. A survey questionnaire was used to collect data from 313 respondents in the Nigerian financial sector. Subsequently, the data collected were analyzed using Partial Least Squares-Structural Equation Modeling (PLS-SEM). Results from the analysis revealed that Stakeholder priorities (Profit maximization, stakeholder pressure, image creation) were related with some dimensions of CSR orientations (Economic, Philanthropic, legal, ethical), moderated by the role of ethnicity and religion of managers in the Nigerian financial sector. Furthermore, the study revealed the most significant relationship between predictors and outcomes to be image creation and philanthropic responsibilities, while relevant stakeholder priorities from the Nigerian context are; profit maximization, stakeholder pressure and image creation. CSR orientation of Nigerian managers in terms of priority is economic, philanthropic, legal and ethical respectively. This study provides theoretical and practical contributions that are valuable to different stakeholders with regards to the Corporate social orientations of Nigerian managers. Stakeholder approach combined with other theories like legitimacy and agency while incorporating the role of ethnicity and religion of managers theoretically contributes in examining the corporate social responsibility orientation of managers from

a Nigerian context. Additionally, useful recommendations were proffered which aligns with the Nigerian context. Limitations set aside, this study has given an enriched corporate social responsibility orientations literature for future studies in managers CSR orientations from the context of the Nigerian financial sector.

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background of the Study

Corporate Social Responsibility (CSR) has continued to be an indispensable asset which serves as the pillar for shaping the role of business and a standard setting for behaviors exhibited by corporate bodies towards the society which ends up impacting positively on every stakeholder rights. Consequently, this ends up with having corporate bodies which are social units full of ethical practices, environmental protection initiatives, an equitable and just way of recruiting staff, and providing a good working environment that motivates and stimulates productiveness of workers.

CSR is a set of standards of behavior to which a corporation subscribes in order to have a positive and productive impact on society representing a framework for the role of business in society (Davies, 2003). CSR gives a clear standard of measure to ascertain practices that a firm can make to give a positive impact on the society in a manner that excludes trying to maximize profits at all cost and abiding by what the law says (Dusuki & Dar, 2005). CSR is also regarded as set of management practices that ensures a business organization maximizes the positive impacts of its operation on society by operating in a manner that satisfies the stakeholders it has both internal and external (Samina, 2012).

Nowadays, it is a common practice to see a lot of products carrying labels which portrays being environmentally conscious or going green as part of engaging in socially responsible investment which does not cause harm to the environment. Such could be seen even on paper and beverage products depicting approved by an alliance which protects the environment. Restaurants also are not left behind; they provide eco-friendly menus which shows usage of bio-gas in preparing the meal and the

recycling of all left over to a useful by product. All these efforts are geared towards meeting an ethical sustainability practice (Portney, 2008). Educational institutions are integrating CSR sustainability studies in their curriculum and creating research units for advancement of sustainability studies. Government and non-governmental organizations, the media all are engaged in motivating and uplifting the practice of CSR by corporate bodies (Kitzmuller, 2010).

In the developing world, the Asian countries are the most covered in literatures, with emphasis on China (Zhuang & Wheale, 2004), Indonesia (Blowfield, 2004), India (Balasubramanian et al, 2005), Malaysia (Amran & Siti Nabiha, 2009; Zulkifli and Amran, 2006; Ali-Basah, 2012), Pakistan (Lund-Thomsen, 2004; Ahmad, 2006) and Thailand (Kaufman et al, 2004). CSR research in Asia is mostly observed in three aspects; community development efforts, socially responsible processes in production of goods and good stakeholder relationship management (Chapple & Moon, 2005; Birch & Moon, 2004).

On African countries, South Africa dominates the literatures of CSR studies in Africa (Visser, 2005). There are few studies on Kenya (Mwaura, 2004; Dolan and Opondo, 2005), Tanzania (Egels, 2005), Nigeria (Amaeshi et al, 2006; Idemudia, 2007) Mali and Zambia (Hamann et al, 2005), Ivory Coast (Schrage and Ewing, 2005) and Uganda (Bagire et al, 2011). Only very few of the studies focus on agricultural sector (Blowfield, 2003). Concerning the African continent CSR studies are mostly conducted on addressing socioeconomic challenges, infrastructural development, poverty alleviation, provision of health care facilities and educational development (Visser, 2006; Amaeshi et al, 2006). In South Africa political issues like black empowerment, addressing the injustices caused by apartheid, labor issues are considered as major issues of interest in CSR studies (Fig, 2005; Roussouw et al, 2002).

The need for changes in political reforms prompts adoption of CSR initiatives by governmental and business enterprises (Malan, 2005; Fourie & Eloff, 2005; Baskin, 2006). Socioeconomic priorities such as reducing unemployment, provision of basic amenities, educational support and development are regarded as the driver of CSR in most African countries (Amaeshi, et al 2006; Okpara & Wynn, 2012; Middleton, 2005; Brennan & Baines, 2006). Stakeholder pressure resulting from existing governance gaps due to corrupt practices and inefficiency in maintaining public functionaries is a priority to stakeholders (Ite, 2004; Blowfield & Frynas, 2005; Moon, 2002). Response to crisis situations (Dunfee, 2006; Fernando, 2007; Shrivastava, 1995; Newell, 2005; Wheeler et al, 2005), adopting international accepted standards as a means of getting access to the markets of the developed economies is another driver (Araya, 2006; Diara et al, 2004; Rangan et al, 2007).

The need for International Standardization by Multinationals to achieve consistency with globally accepted standards require adopting some CSR initiatives (Kolk & Van Tulder, 2002; Kaufman et al, 2004). Investment incentives derived from inclusion in SRI (socially responsible investment) index in some countries also results into CSR activities (Goyal, 2006; Sonnenberg et al, 2004; Connelly & Limpaphayom, 2004). Increase in stakeholder's activism such as trade unions, NGO's, the media is also a determinant in promoting CSR commitments (Jenkins, 2005; Vivarta & Canela, 2006). Introduction of new rules on supply chains in different countries by Multinationals to maintain a unique and formal standard wherever they operate necessitates a set of identical CSR activities endorsed by main branch of a multinational corporation (Johnson, 2004; Hussain-Khaliq, 2004; Nielson, 2005).

CSR studies in developing countries context is less extensive when it comes to ethical and legal dimensions of CSR, and still there are needs for in-depth analysis on economic dimension from a Nigerian context. Generally, academic research on CSR

in the African context is not fully extensive and remains limited, meaning there is need to look at salient areas (Visser, 2008). Nonetheless, there are improvements over the recent years on CSR research in Asia and Latin America then Africa respectively with primary focus on Africa mostly concentrated on South Africa (Idemudia, 2011).

Nigeria is a developing country consisting of multi-ethnic and multi-religious inhabitants. Nigeria is among the most populous and abundant with natural resources in Sub-Saharan Africa (Amaeshi et al, 2006). The country is listed among major oil producers of the world and revenues from oil production accounts for the highest export commodity. The Nigerian banking sub-sector alone contributes approximately 5% of the Gross Domestic Product (GDP) of the Nigerian economy (Achua, 2008). As a result, different stakeholders are showing more interest on managers decisions when it comes to CSR. In the Nigerian context, corporate social responsibility is an evolving field of study, there are only few reputable studies when it comes to the corporate social responsibility orientation of managers. Moreover, considering the Nigerian financial sector as a major segment of the economy and contributor to GDP of Nigeria, it has sub-sectors that are engaging in CSR practices and they all abide by regulations of different supervisory bodies. The banking sector contributes immensely towards national development and has proper format for reporting CSR practices, other non-banking sub-sectors are all reporting their CSR and have specially dedicated links for displaying their CSR practices and implementation process. The Nigerian financial sector has different stakeholders with varying needs which managers must attend to, this means that they must have a formal way of communicating with all stakeholders before making critical decisions on corporate social responsibility. The financial sector plays a vital role in promoting overall economic development of a country, the development of this sector determines how effectively funds circulating within the economy is channeled for serving the needs of

different stakeholders and CSR is among the prominent ways of reaching different stakeholders. Therefore, considering the nature of this sector and its contribution towards economic development of Nigeria it is worthy to look at managers CSR orientations in relation to different stakeholder priorities.

CSR orientation is an integral part of CSR implementation process because it serves as a guiding manual on the preferred ways or methods adopted by managers to realize the potentials of CSR initiatives (Pinkston & Carroll, 1996). A proper understanding on how managers from different ethnic backgrounds with different religious affiliations interpret CSR initiatives and the priority accorded to each dimension of CSR creates a meaningful source of information for achieving organization objectives with CSR initiatives. Similarly, Stakeholder priorities express the main reason or motivating factors behind the introduction of CSR initiatives. Introducing a determinant between the Stakeholder priorities and orientations relationship is a way of understanding how CSR initiatives are implemented.

In the case of Nigeria, the financial sector is managed by executive officers along ethnic groupings, each of the ethnic group has common shared values that they cherish, uphold and like to keep in touch with in all activities they engage in especially those that has direct bearing on stakeholder priorities linking with different CSR orientations of Nigerian managers. The managers belong to three major Nigerian ethnic groups; The Yoruba, Hausa and Igbo managers. Belonging to a certain ethnic group can influence how managers face different corporate social responsibility orientations in relation to different stakeholder priorities. Affiliation to ethnic group virtually has impact on every aspect of managers daily affairs of managing business organizations. A way of belief or certain acceptable characters attributed to an ethnic group tend to be present in all what people do; managers are also part of the society having such characters. Ethnic attributes supporting ethical conducts or guide to

moral behavior and cordial relationship with other people in a common environment are examples of values that affects choice of CSR orientation by managers. It is worthy to note that positioning ethnicity between stakeholder priorities and CSR orientations is the best way of getting more highlights on why managers prefer different ways of attending to stakeholder priorities in CSR.

Religion affects the way managers interpret and introduce most of their CSR initiatives. The process of seeking conformity between adhering to religious teachings and CSR practice exhibited by managers make it to be a most convenient way of approaching the determinants of managers CSR orientations (Angelidis & Ibrahim, 2004; Jamali & Sidani, 2013). Managers religion is a contributory factor in observing ethical and moral conducts, safety measures, abiding by law, maintaining good stakeholder relationship and proper business management based on trust and recognition of rights and responsibilities (Siu et al, 2000). Nigerian managers belong to the two major religions; Islam or Christianity and there are possibilities for some to have other religions like the traditional religion.

## **1.2 Problem Statement**

CSR orientation is the different dimensions serving as an outcome to all types of stakeholder priorities with respect to how CSR is practiced. Studying managers CSR orientations highlights on why organizations initiate CSR, and why a specific selected way of answering stakeholders' needs by CSR practice is opted for (Pinkston & Carroll, 1996; Ibrahim & Parsa, 2005). As the most viable and strong sector of the Nigerian economy the financial sector is continuously maintaining and improving upon its CSR to satisfy its stakeholders (Ojo, 2009). The CSR orientation of managers is the most important area of focus to comprehend how managers fine tune their decision making regarding CSR and the influence of ethnicity and religion of managers on stakeholder Priorities-CSR orientations relationship. As a key factor in



CSR studies, the interpretation of CSR orientation further indicates the need to know the most preferred way of satisfying different stakeholders with CSR.

Academic research on CSR in developing nations is underdeveloped and not fully comprehensive and still remains limited (Visser, 2008). There are few studies conducted on CSR practices in Nigeria. Most of the studies focused on issues relating to the meaning and practice of CSR (Amaeshi et al, 2006; Obalola, 2008; Ojo, 2009; Helg, 2007) assessment of Corporate Social Performance (Olanrewaju, 2012; Osomene, 2012), environmental issues (Ite, 2004; Idemudia & Ite, 2006; Odera et al, 2016), legal issues (Okoye, 2012; Mordi et al, 2012; Olufemi, 2008), and effects of banking reforms on CSR (Achua, 2008). In all the literatures observed by the researcher, the effects of manager's ethnicity and religion on CSR orientations and priorities relationship is not well attended to or properly studied. The effects of ethnicity and religion of managers as a determinant of the relationship between Stakeholder priorities and CSR orientations has been neglected by previous research on CSR in Nigeria. Most of the observed researches on Nigerian CSR are neglecting or paying less attention to the non-banking sub-sector of the Nigerian financial system, therefore the inclusion of the entire financial sector will fill some gaps and contribute towards the development of academic literatures on Nigerian CSR. There is the dearth of literature and research findings on CSR orientations in Africa and other developing countries hence there is need for research on this subject area (Ehie, 2016; Visser, 2006, Dartey-Baah & Amponsah, 2011).

Furthermore, explaining the effects of religion on different aspects of management is also a new area in management studies. It is therefore worthy to explain the relationship involving religion and its influence on CSR, stating the effects of religion managers profess and its impact on their perceptions, actions, beliefs and eventually aid in explaining managers CSR orientations (Jamali & Sidani,

2013). The stakeholder priorities can also be more enhanced in the way they predict the CSR orientations of managers when religion is introduced in the relationship between the two variables.

Studying CSR orientations from a multi-ethnic perspective serves as the philosophical bedrock for deeper insights in understanding the motivational force behind CSR practices of corporate bodies (Burton et al, 2000; Samuel & Sakhile, 2016; Maignan, 2000; Quazi & O'Brien, 2000). Therefore, it is of paramount importance to have ethnicity and religion of managers as moderators in a research investigating how the relationship between stakeholder priorities and CSR orientations is affected. The Nigerian society is a multi-religious entity with diverse ethnic groupings having unique cultural, ethical and social systems, therefore this study intends to give an insight or detailed analysis on different variations in ethnicity of managers as it affects CSR and also involve an assessment of the effects of religion on managers CSR orientations.

Stakeholder priorities in CSR can give the researcher a proper comprehension and a medium to analyze and interpret the CSR orientations of managers. The stakeholder priorities are identified as the major point of focus in all definitions ascribed to CSR (Dahlsrud, 2008). Stakeholder pressure is the most compelling driving force behind any CSR activity. Managers have responsibilities towards the internal and external stakeholders by striking a balance between stakeholders' expectations and what the organization has to offer (Greenwood, 2007). As social institution business organizations in the financial sector interacts with internal and external stakeholders. Relationship between stakeholder pressure and the choice of CSR orientation depends heavily on ethnicity and religion of managers (Okpara & Wynn, 2012). Past research on CSR in African context are inadequate on stakeholder pressure leading to CSR orientation despite the possibility of linking it with ethnicity

and religion of managers who are solely responsible for all policy making including CSR, hence there is a need to get a deeper insight on different stakeholder priorities and pinpointing the most emphasized CSR orientation of managers in the Nigerian financial sector.

The need to maximize profits by managers is a way of responding to the shareholders needs of wealth maximization which is achieved by maximizing the potentials of CSR initiatives. The need to maximize profit is normally considered as the primary objective of all business organizations and a stakeholder priority which predicts the outcome of CSR orientations. CSR is not only restricted to voluntarism or philanthropy but it comprises of all set of activities leading to satisfactory profits for continuity of business and satisfaction of shareholders, promotion of ethical conducts and fulfilling all legal requirements (Angyemang et al, 2016). Considering CSR orientation to be centered on obeying laid down regulation and showing more concern on ethics after achieving economic prosperity, while at the same time considering all forms of philanthropy as discretionary to the knowledge of the researcher is unfeasible in an African perspective, hence there is need to get a new approach in understanding managers CSR orientation through ethnicity and religion of managers. In the quest for profit maximization managers need to strategize with CSR initiatives in response to stiff competitions and gaining an advantage over rivals. All stakeholders want to see the business organization innovating ways to be more efficient in production and profitability while maintaining ethical code of conducts and transparency in all its dealings (Usman & Amran, 2015). Strategy is needed in profit maximization and it underscores the need to be more ethical and law abiding in fulfilling philanthropic activities to compete with other enterprises and achieve organization objectives through preference of a CSR orientation. Philanthropic responsibilities in the long term take precedence if the strategy is seeking to gain

legitimacy, but when different rivals are around, then philanthropic responsibilities becomes instrumental and as a result more factors need to be considered before choice of CSR orientation by managers (Maya et al, 2010).

All stakeholders want to see the business organization innovating ways to be more efficient in production and profitability while maintaining ethical code of conducts in all its dealings. In responding to the need for maintaining good reputation and image creation managers engage in CSR to gain customer loyalty and be more legally minded and ethical (Dobers & Halme, 2009). Image creation can lead to philanthropic responsibilities in gaining legitimacy from the general public if the CSR initiatives are congruent to their expectations (Kitchen & Schultz, 2002; Brammer & Millington, 2005). There is a need to know how managers CSR orientations is influenced by the need to build image and increase reputation of their institutions if strategic CSR is employed and efforts on increasing corporate image are boosted.

A business organization is only regarded as a corporate citizenry if it shows compliance to all regulations set by the government and works towards building corporate image and reputation. Government as a regulatory body need to specify areas requiring more attention than leave corporate bodies to initiate any CSR activity they like, this will ensure a regulated CSR to achieve general needs of the society not a narrow perspective from a branch of corporate enterprise that make CSR policies in general without considering the peculiarities of different countries or areas their subsidiaries exist. A business organization as a social unit should be law abiding and ethical in all its conducts. Managers as stakeholders are shouldering the responsibility of observing regulations and introducing CSR initiatives to reduce cost of compliance with costly regulated CSR. Observing regulations by practicing CSR makes an organization to be a corporate citizenry (Mordi et al, 2012; Mwaura, 2004). Stakeholder pressure exerted on managers to satisfy the needs of the general public

and assist the government in providing for the general public make this variable an integral part of predicting CSR orientations. The existence of urgent and legitimate claims of stakeholder pressurizes managers to act and it is also an opportunity for managers to gain legitimacy by acting on behalf of government for the benefit of the general public (Moon, 2002). Satisfaction of stakeholders need in CSR relates with both philanthropic and ethical responsibilities because the government recommend and expect all business corporations to form partnership with it in providing for the nation and the community or general public expect business operating within their environment to provide them with social welfare programs as their own share of the profit accumulated by the business organization (Moon & Vogel, 2008). Most of the studies conducted on African CSR emphasize on community development as a way of bridging governance gap, but there is a need to extend and emphasize more on welfare programs to internal stakeholders as part of bridging governance gaps (Raimi et al, 2015). These sets of stakeholder priorities predict the different CSR orientations of managers and there is need to conduct a research which links the selected stakeholder priorities with CSR orientations as outcomes.

In conclusion, this study explores the linkage between Stakeholder priorities and CSR orientations determined by different ethnic groupings and religion of managers in the Nigerian financial sector. The conceptual framework of this study is based on the premise that CSR practice is for gaining more legitimacy and fulfillment of stakeholders needs which require full interpretation or understanding of orientations adopted or expressed by managers in CSR practice. The ethnicity and religion of managers play a strategic role in relating Stakeholder priorities and corporate social responsibility orientations. In summary, the problem statement is stated below;

In the Nigerian context, what are the relationships between stakeholder priorities (profit maximization, stakeholder pressure and image creation) and CSR Orientations considering the effects of ethnicity and religion of managers?

### **1.3 Research Objectives**

Based on the problem statement expressed above, the research objectives are enumerated as follows;

1. To examine the relationship between Stakeholder Priorities and CSR Orientations
2. To determine the extent of contribution of Nigerian manager's ethnic groups to the above relationship
3. To examine the roles of ethnicity on Stakeholder Priorities-CSR Orientations Relationship
4. To examine the roles of manager's religion on Stakeholder Priorities-CSR Orientations relationship

### **1.4 Research Questions**

In line with the research objectives listed above, the following research questions are formulated;

1. What are the relationships between Stakeholder Priorities and the CSR Orientations?
2. What is the extent of contribution of each Nigerian manager's ethnic groups to the above relationship?
3. Does ethnicity of managers play a role in Stakeholder Priorities-CSR orientations relationship?
4. Does religion of managers play a role in Stakeholder Priorities-CSR orientations relationship?

## 1.5 Research Scope

This intended research is to be conducted on the Nigerian financial sector which comprises of five institutions namely; the DMB's (Deposit Money Banks) which are classified as commercial banks giving retail and merchant banking services to customers under the surveillance of the CBN. The second category of financial institution to be covered is the Specialized Banks which are also registered banks with the CBN but under a special consideration, either because of the nature of services they give like the Islamic banks and micro finance banks, which are regarded as providers of micro credits to small scale businesses and petty traders, and development banks which are government owned banks established for national development in specific sectors like; agricultural and rural development, industrial development, import and export services etc. The third category is the set of insurance companies controlled by the NAICOM. The fourth category is the Stock broking firms under the regulatory supervision of SEC. The last category is the fund administrators under the supervision of the Central bank and Pension commission.

According to specifications from the Federal ministry of finance mentioning the roles of supervisory agencies to manage the Nigerian financial sector, there are four major governmental agencies designated to different sub-sectors of the financial sector, they include the Central Bank of Nigeria (CBN), NAICOM (Nigerian Insurance Commission), SEC (Securities & Exchange Commission), and Major Fund Administrators (Inegbenebor & Osaze, 1999). Some non-banking financial institutions are not included because they don't engage in CSR or their CSR is not officially reported and therefore they are not relevant for the study, they include; Bureau De exchanges, discount houses, community banks, private investment companies etc.

The research intends to study CSR orientations of managers from three major ethnic backgrounds namely; Hausa, Igbo and Yoruba from three religions, Islam, Christianity and Traditional religions representing the managers of the Nigerian financial sector. The Carroll's (1991) model will be used in explaining the different dimensions of CSR orientations in an arrangement that reflects the variations between different ethnic groupings and religion ascribed to managers in the Nigerian financial sector. Finally, this research focuses on the relationship between Stakeholder priorities and CSR orientations of managers in the Nigerian financial sector. Additionally, it will look at the effects of ethnicity and the role of manager's religion on the stated relationship.

#### **1.6 Significance of the Research**

This research contributes towards the understanding of different CSR orientations emphasized by Nigerian managers in satisfying different stakeholder priorities. The religion and impact of manager's ethnicity on Stakeholder priorities and CSR orientations are the moderating variables. This study is significant because the case of study concerned as Nigerian financial sector is more regulated due to the number of regulatory bodies employed by the government for effective management and control, and the institutions comprising the financial sector report CSR as requirement by government more than other sectors. The Nigerian financial sector report performance on annual basis, conduct annual general meeting with stakeholders, provide five-year performance record and abide by acceptable format of reporting CSR practices. In comparing the institutions of the financial sector with those of other sectors like manufacturing and telecommunications in CSR practice evidence has revealed that the financial sector participates more on CSR that has direct impact on the general public in high amount than the ones from other sectors (Osomene, 2012; Olanrewaju, 2012; Ojo, 2009).



Studies on Nigerian CSR as it relates to the financial sector is mostly focused on banking sector because it has more viable institutions in terms of contribution to Gross Domestic product (GDP) and extensive reporting on CSR activities (Achua, 2008). Since the banking sector is more regulated in terms of compliance with directives from CBN than other non-banking institutions a lot of research on CSR is possible because of their corporate nature and dealing with potential investors or stakeholders. The rate of return generated by the banking sector enable them to make their CSR and its impact on stakeholders more visible than other non-banking institutions. The non-banking sector though has large number of corporate organizations but still remain less focused in terms of research, this makes this intended study to be needed and significant in giving details on CSR in both the banking and non-banking sector of Nigeria. Therefore, inclusion of all relevant institutions of the financial sector in CSR study is among the elements that make this research a significant one.

#### **1.6.1 Theoretical Contributions**

This research contributes by using the basic tents of stakeholder theory and legitimacy theory in identifying the major stakeholder priorities from the perspectives of Nigerian managers and determining the most prioritized CSR orientation of Nigerian managers.

First and foremost, the stakeholder priorities were all based on the Nigerian context and determine the overall objectives to be achieved by CSR.

Secondly, stakeholder theory is used to highlight the need for managers to engage in CSR in order to satisfy different stakeholders the business deals with. The theory is used to highlight the vital nature of stakeholder engagement in making all decisions that are related to CSR and the basis to choose a CSR orientation. The researcher replaced CSR drivers with stakeholder priorities to be in conformity with major features of stakeholder theory and more relevant to the Nigerian context.

Additionally, agency theory considers managers as the agents representing the principals (major stakeholders/owners) in CSR will add more to the theoretical contribution of this research because the basic tenets of delegation of authority and representation in agency theory is integrated with thinking of best orientation to satisfy the needs of stakeholders.

Thirdly, the legitimacy theory explained how image creation and reputation increase the legitimacy of the business organization and managers CSR orientation relates with the need to increase corporate image and reputation. Since legitimacy is increased by building a good corporate image and maintaining the reputation over time, the theory can suitably be used in explaining the relationship between image creation and managers CSR orientations.

Lastly, the introduction of ethnicity and religious dimension as moderators of the relationship between stakeholder priorities and CSR orientations will definitely give more useful insights and findings on managers CSR orientations in the Nigerian financial sector.

#### **1.6.2 Practical Contributions**

The research will shed more light on the different CSR orientations that are emphasized by managers in attending to different stakeholders. The most emphasized among the four CSR orientations will be identified and explained to provide a deep insight on what Nigerian financial managers are practically doing in satisfying stakeholders with CSR. Studying manager's ethnicity and religion as moderating factors that affects the Stakeholder Priorities-CSR Orientations relationship in a Nigerian context explain the factors that best determines connectivity between the predictors and outcomes in Nigerian CSR. Apart from emphasizing on philanthropy as the important dimension of CSR orientation, the researcher will find out if other dimensions of CSR orientations could be more emphasized with the underlying

factors behind it like considerations on values, beliefs, and all other factors affecting the business environment. The effect of these factors if researched upon is a major contribution to CSR orientation studies in the Nigerian context.

### **1.7 Variables Definition**

This section gives a working definition on key variables and terms to be used in this research. This is to give a common understanding on the variables throughout this research. A detailed explanation on the variables will follow in the literature review chapter. The variables comprise of the dependent, independent and moderating variables.

#### **Dependent Variable: CSR Orientation**

This is the attitude of managers towards CSR classified into four dimensions; philanthropic, economic, legal and ethical responsibilities (Bir et al, 2009). It is a variable in studying the perception of managers towards CSR measured or evaluated by classifying responsibilities into four dimensions; economic, legal, ethical and philanthropic responsibilities (Carroll, 1979).

#### **Economic responsibilities**

A set of activities that are directed towards production of goods and services, maintaining operational efficiency, achieving continuity in satisfying stakeholders needs (Carroll, 1991) and increase in shareholder's wealth in the long run (Carroll & Shabana, 2010).

#### **Legal responsibilities**

This refers to abiding by the law in performing all forms of CSR. There must be a fulfillment of all obligatory requirements, maintaining standards and specifications and a business must be a corporate citizen (Visser et al, 2007).

**Ethical responsibilities**

These are set of activities showing morals and good conducts in CSR after abiding by law (Joyner & Payne, 2002).

**Philanthropic responsibilities**

These are voluntary or discretionary activities that business organizations perform as a contribution to the welfare of the society (Visser, 2008).

**Independent Variables: Stakeholder priorities**

This refers to the set of reasons or motivating factors which are responsible for organization commitment to CSR. They are; profit maximization (Ali Basah, 2012), stakeholder's pressure (Okpara & Wynn, 2012), image creation (Milovanovic et al, 2009).

**Profit Maximization**

The primary objective required by shareholders to maintain production and realize benefits of CSR (Siegel & Vitaliano, 2007).

**Stakeholders Pressure**

The realization that managers of business organization must identify and prioritize between different stakeholders and their respective claims based on their salience (Donaldson & Preston, 1995).

**Image creation**

This is the reputation an organization obtains from good stakeholder relationship management and customer loyalty (Brammer & Millington, 2005). Managers introduce CSR to boost corporate image and reputation.

**Moderating Variables: Ethnicity**

A set of values, norms and customs ascribed to Nigerian managers belonging to the major ethnic groups of Nigeria; (i.e. Hausa, Igbo and Yoruba).

## **Religion**

A belief system that depends on divine revelation which Nigerian managers adhere to, (i.e. Islam and Christianity).

### **1.8 Organization of the remaining chapters**

This research will be organized in the following chapters;

#### **Introduction**

This deals with the preliminary aspects of presenting the background information on the research area subdivided into three; the global, developing countries perspective and the Nigerian perspective of CSR. The problem statement comes next expressing the reason behind conduct of this research, the research objectives and questions follows, then scope of the research, significance of the research both theoretical and practical, lastly, variables definitions.

#### **Literature Review**

This chapter gives a review on the major variables of the study like different definitions and scope of CSR in its different evolutionary phases from philanthropy to sustainability, Stakeholder priorities, CSR orientations and moderators (ethnicity and religion).

#### **Theoretical Framework & Hypotheses Development**

This chapter gives a review on the basic theories relevant for the study including; the classical, stakeholder, legitimacy, agency, institutional, instrumental and Islamic CSR. The underpinning theories shows how theory is integrated in the study to explain relationship between variables of the study. The chapter continued with illustration and explanation on the conceptual framework and lastly, formulation of hypotheses statements.

## Research Methodology

This chapter explained the research paradigms, qualitative and quantitative methods, justification for selection of quantitative research method, the research design, sources of data and the methods to be applied for the purpose of collecting the required data. It also finalizes with the complete detail on the statistical tools to be used for analyzing data.

## Data analysis and Findings

This chapter present the data collected and the findings of the research. Reliability and validity was established in the factor analysis before proceeding to direct effects, then moderating effects, predictive analysis of the endogenous variables and finally the multi-group analysis on ethnicity and religion of managers.

## Discussions and Conclusions

This chapter summarizes the whole research then discusses the results obtained from the research and the implications of the findings and finally concludes with some areas for future studies.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

This chapter is mainly compiled to review related literature to this research starting with a brief outlay as a preamble to the whole literature, then followed by the definition of the term CSR from different scholars at different periods with variations in scope or dimensions. CSR brief history, evolution, scope and underpinning theories followed as the completion of the prelude to what supersedes. The second part deals with the variables of the research which are Stakeholder priorities, orientation, ethnicity and religion. The final part is on the conceptual framework and hypotheses development.

CSR studies in the developing world currently are at a preliminary stage. Its coverage is mainly concentrated on different areas of CSR practice like its meaning (Drucker, 1984; Dahlsrud, 2008), its role on globalization and poverty alleviation (Jenkins, 2005; Milovanovic et al, 2009), impact on societal development (Okpara & Wynn, 2012; Amaeshi et al, 2006), regulations (Bantekas, 2004; Mordi et al, 2012; Dijken, 2007), effects of disclosure (Deegan, 2002; Deegan & Rankin, 1997) and recommendations on standardization of CSR (Visser, 2008). The area of CSR orientation is neglected especially when multicultural societies are concerned like Nigeria.

Corporate Social Responsibility is currently considered as one of the fields of specialization in management science, a lot of branches are now springing from CSR, they include; Corporate Social responsibility disclosure, Stakeholder Priorities, corporate social reporting, corporate social performance CSP, corporate social responsiveness and the most recent in terms of being an area of interest for researchers is Islamic corporate social responsibility ICSR. We now have laws

governing the performance of CSR, accounting procedures for CSR reporting in books of records, dedicated academic and institutional journals for disseminating research findings on CSR practices by multinationals and indigenous companies in different countries across the globe. Corporations are no longer expected to be legal entities that pursue profit maximization without consideration on the consequences of their production unit's harmful wastes, they are expected under a guiding legal principle to show benevolence, understanding and trying to solve problems of the immediate internal and external stakeholders it deals with. It is expected of them to utilize their vast resources to reduce self-centered tendencies by been socially responsible and humane (Bantekas, 2004). Major pension fund administrators in Europe use CSR reports and ratings as a yardstick in allocating their resources for investment purposes. Key organizations like Council of Institutional Investors (CII) and Association of British Insurers (ABI) which control funds worth \$1.5 trillion and \$1trillion respectively all have asserted that CSR is a key factor for long term financial success (Kitzmuller, 2010).

This research is aimed at explaining the relationship between Stakeholder priorities and orientations in the Nigerian context. Ethnicity and religion are the expected moderators for the relationship aforementioned. Stakeholder priorities are the responsible factors or set of reasons or motivating factors which lead to initiation of CSR activities like; profit maximization, stakeholder's pressure, reputation/image creation (Visser, 2006). The Figure 2.1 below summarizes the contents of the literature review chapter from introduction to its final summary.



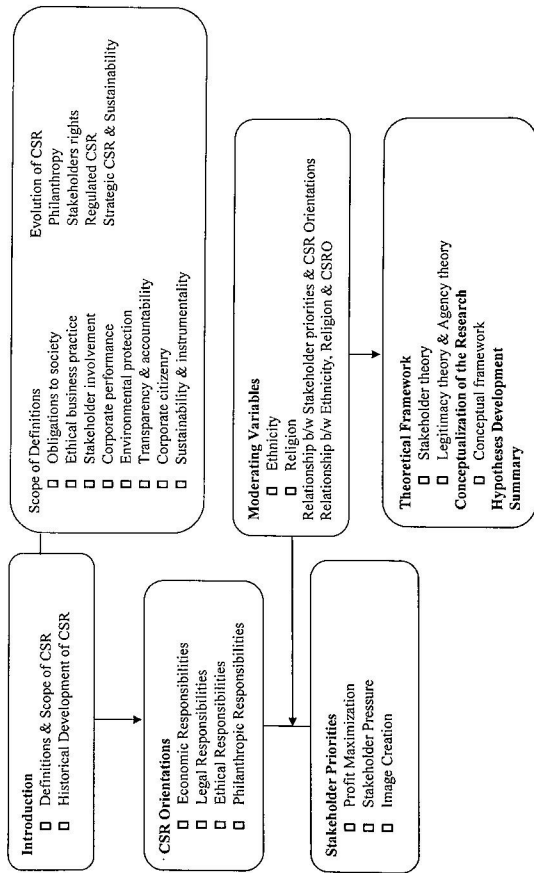


Fig 2.1 Literature Review Diagram

The composition of this chapter focuses on the literature relating to Stakeholder priorities, CSR orientations, ethnicity and religion. Each of the four elements will be discussed upon with the relevant literature and concluded with a short summary. To maintain coherence and enhance understanding of the research, the definition and scope of CSR will come first before the variables of the research. Additionally, the relationship between the research variables will be elaborated fully.

## **2.2 Definitions and Scope of CSR**

Corporate social responsibility is fast becoming a common terminology used by all corporate organizations within the globe cutting across all borders. It all started at the beginning of the 20<sup>th</sup> century with philanthropy, paying attention to societal needs, then it gets broadened to cover environmental sustainability issues and a source of policy making and competitive strategy in the globalization era which is also referred to as the New Millennium. The 21<sup>st</sup> century is presenting a frontier of new challenges resulting from globalization, increase level of regulations by governments, increase in competition strategies, interest of external bodies like NGO's, the media and easiness in communication and getting easy access to all required information. Therefore, definitions of CSR during different periods must differ from one another to reflect the factors on ground.

The area of focus of all CSR definitions in its different stages of evolution are; sustainability and social obligations like economic, legal, ethical and discretionary responsibilities (Lei, 2011). In another research the dimensions if expanded leads to having five basic areas of focus including; environmental; social, economic, stakeholder and charity dimension (Dahlsrud, 2008).