

An Exploratory Study Of The Nexus Between Corporate Growth And Corporate Social Responsibility Spending: Evidence From Nigeria

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Abstract: While firms strive to be socially responsible, possibilities are that Corporate Growth may serve as mitigating factor between the will and the level of spending in this nexus. This study used manufacturing firms in Nigeria to test for relationship between Corporate Growth and Corporate Social Responsibility (CSR) spending. Using an ex-post factor research design, 11 (eleven) firms were sampled from manufacturing companies quoted on the Nigerian Stock Exchange as at December, 2017. The data collected was analysed using a multi-variance regression model with Stata as the tool of statistical analysis. Among the findings are that Corporate Social Responsibility (CSR) spending decisions are not influenced by Working Capital Growth but that real Assets Growth positively affects Corporate Social Responsibility (CSR) spending. Based on these findings, the study suggests the need for further investigation in this nexus focusing attention on variables like Market Price Growth Rate, and Earnings Per Share Growth Rate.

Keywords: Corporate Growth, Corporate Social Responsibility Spending, Working Capital Growth, Sales Growth, Assets Growth.

I. INTRODUCTION

The term growth means increase in size, or an improvement in quality as a result of a process of development in which an interacting series of internal changes leads to increases in size accompanied by changes in the characteristics in the growing object (Penrose, 1959). Growth is the most frequently used corporate strategy. It means increasing sales, assets, net profits and a chance to take advantage of the experience curve to reduce the per unit cost of products sold and thereby increase profits (Penrose, 1959). It is interesting to note that, corporate growth denotes an increase in the size or scale of operations of a company usually accompanied by increase in its resources and output. Corporate growth is a natural process of adaptation and development that occurs under favourable conditions. The best corporate growth strategies for a business will be to grow a

business top line and bottom line over the long-term and can also help in creating competitive advantage over competitors. Working strategically starts with setting goals and the process of goal setting can be very beneficial to the organization as well. In today's challenging business environment, business must formulate growth strategies in order to grow beyond its known scope and to earn profit (Dugguh, Isaac & Oke, 2018). The performance of business organizations is affected by their strategies and operations in market and non-market environments (Uadiale & Fagbemi, 2012). Hence, there is a debate on the extent to which company directors and managers should consider social and environmental factors in making decisions.

Corporate Social Responsibility(CSR) Spending is an integral part of what companies do in terms of making positive contributions to the society which can be linked to a firm's sustained growth (Omor, Kinyua, & Okiro, 2014). In view of

this, CSR Spending may be described as an approach to decision making which entails both (environmental and social) factors. It can, therefore, be deduced that CSR Spending is a deliberate inclusion of public interest into corporate decision making, and the honoring of a triple bottom line reporting which are People, Planet and Profit (Harpreet, 2009). CSR Spending is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce, the local community and society at large. Social Spending is an integral part of the wealth creation process, which if managed properly should enhance the competitiveness of the business and maximize the wealth of the society (Jeucken, 2004). Corporate growth could be a motivating factor influencing management to engage more in CSR Spending which is expected in return to have a positive effect on the organisation. The development of CSR Spending in Nigeria has a somewhat different developmental phase. While CSR Spending as a concept in the West was developed as early as in the 1950s, the concept of CSR Spending is a relatively new phenomenon in Nigeria. Contrary to the West, the main factor driving the CSR Spending agenda in Nigeria has been presence of multinational companies. These companies, together with their governments and international NGOs have been the primary drivers of CSR Spending (Helg, 2007). In Nigeria, CSR Spending gained importance in the 1990s as a result of the interest shown by the international communities in the conflict between oil and gas companies and their host communities (Ogunkade & Mafimisebi, 2011). According to Munaza, Farida, Shagufta, and Shahid (2013), *“those companies which provide healthy environment to their employee will be successful in attracting new brilliant employees and enhancing commitment in current employees which results in higher performance. Therefore, Firm’s CSR Spending enhance the Financial Performance of firms, so when a firm has good Financial Performance it can do more for the welfare of society.”*. In line with the discussion, this study is, therefore, motivated by the need to investigate whether CG and CSR Spending were related.

STATEMENT OF THE PROBLEM

The imperativeness of CSR spending on financial performance at corporate and firm level around the world and in Nigeria regarding profitability and growth has been well documented (Osisioma, Nzewi, & Paul, 2015). While there has been a growing body of research globally, pertaining to the effect of CSR spending on Financial Performance (or the other way around) since the 1960s, no real consensus has been reached (Hirigoyen & Poulain-Rehm, 2015; Lahouel, Gaies, Zaid, & Jahmane, 2019). While some studies have demonstrated a positive relationship (Choi, Kwak, & Choe, 2010; McGuire, Sundgren, & Schneeweiss, 1988; Waddock & Graves, 1997), others have shown an inverse relationship (e.g. Babalola, 2012; Daferighe & Adedeji, 2010; Hermawan & Mulyawan, 2014; Ugochukwu & Okafor, 2016) or a neutral relationship (Graves & Waddock, 1999; Lahouel et al., 2019; Mahoney & Roberts, 2004; McWilliams & Siegel, 2001). In view of these mixed nature of the results in this area of research, there is need for further investigations to narrow the

gap. Moreover, the quantum of research in this area with regard to the Nigerian environment is scanty while even majority of the previous studies considered Corporate Performance from absolute or static terms.

This study, by way of contribution to knowledge, is extending the frontier of research with the use of growth versions of the independent variables i.e. Assets Growth Rate; Sales Growth Rate; and Working Capital Growth Rate. This has raised concern about what actually is the nature of this relationship? Are manufacturing companies with good performance more likely to be more generous? Or more specifically can CG increase the level of CSR spending by manufacturing companies?

According to Wintoki, Linck, and Netter (2012), the possibility of lag relationship between current corporate performance and past corporate performance suggests that there is problem of endogeneity in most of the prior studies. Endogeneity explained the rationale for the mixed finding in previous researches (Bernabou & Tirole, 2010; Hamilton & Nickerson, 2003). There are little or no study in the Nigerian context that have considered the issue of endogeneity when investigating the relationship between CG and CSR spending. By and large, majority of previous empirical literature have considered corporate financial performance in absolute or static terms. The dynamic or ratio measure of performance, in terms of the actual growth rate is yet to be considered by most previous studies in sub-Saharan Africa given that, this possibility has already been considered in the Asia Pacific region (Waluyo, 2017). In the light of the gaps identified above, this study investigates the relationship between CG and CSR spending while at the same time controlling endogeneity that was identified as a concern in finance and strategic management literature.

STATEMENT OF HYPOTHESES

For purposes of ensuring the attainment of the objectives of this study, the following hypotheses were set and tested:

H₀₁ Working Capital Growth Rate does not have significant effect on companies’ CSR Spending engagement.

H₀₂ Assets Growth Rate has no significant relationship with companies’ engagement in CSR Spending activities.

H₀₃ Sales Growth Rate does not have significant effect on companies’ CSR Spending engagement.

H₀₄ Company Age does not have significant effect on companies’ engagement in CSR Spending activities.

II. LITERATURE REVIEW

CONCEPTUAL BACKGROUND

Corporate growth had been defined severally in the literature (Olomi, 2004; Foster & Browne, 2006; Gerald & Elisifa, 2013). Foster & Browne (2006) for instance defined growth to mean various things including increase in the total sales volume per annum, an increase in the production capacity, increase in employment, increase in production volume, increase in the use of raw material and increase in energy and power.

For the purpose of this study, growth is assumed to mean perpetual increase in value of a particular item arising out of corporation i.e. value of sales, assets and working capital. This study considered CSR as resources used to meet CSR needs such as donations, environmental protections, etc.

CSR Spending had also been defined in various ways. Majority of these definitions integrated the three dimensions: economic, environmental and social aspects into the definition, which incorporates the notion of sustainability into business decisions. The triple bottom line is considering that companies do not only have one objective, profitability, but that they also have objectives of adding environmental and social value to society (Mirfazli, 2008). Helg (2007) defined CSR Spending as the set of standards to which a company subscribes in order to make its impact on society. CSR Spending arises out of the interdependence of an organization with the society and the environment where it is operating (Mullins, 2002).

Mcshane and Glinow (2003) defined social responsibility as a person's or an organization's moral obligation towards others who are affected by his or her actions. It serves as a source of motivation in solving societal problems. CSR Spending is combined with corporate social responsiveness to produce what is known as corporate social performance and a good social performance is socially responsible and also improves organizational profitability (Stoner, Freeman, & Gilbert, 2008).

THEORETICAL FRAME WORK

This study by its focus and objectives draws impetus from several economic theories. However, its parameters are anchored on the provisions of the following theories; Slack Resources Theory and Instrumental Stakeholder Theory.

SLACK RESOURCE THEORY

The proponents of Slack resources theory (McGuire, Sundgren, & Schneeweiss, 1988; McGuire, Schneeweiss, & Branch, 1990) argued that better financial performance potentially results in the availability of slack (financial and other) resources that provide the opportunity for companies to invest in social performance domains, such as community relations, employee relations, or environment. If slack resources are available, then better social performance would result from the allocation of these resources into the social domains, and thus better financial performance would be a predictor of better CSP. Although, firms may wish to follow the normative rules of good corporate citizenship at all times, their actual behaviour may depend on the resources available, hence, profitability in one time period may increase a firm's ability to fund discretionary projects, including social performance projects, subsequently (Preston & O'Bannon, 1997). Corporations, as one kind of social arrangement, require legitimacy to maintain functional, long-term relationships with various communities on which they depend (Eweje, 2006). This theory originated with Davis's (1973) iron law of responsibility. It states that business is a social institution that must use its power responsibly. Otherwise, society may revoke it. Davis wrote, "Society grants legitimacy

and power to business. In the long run, those who do not use power in a manner which society considers responsible will tend to lose it" (p.314).

Furthermore, according to Dowling and Pfeffer (1975), a corporation is said to be legitimate when it is judged to be "just and worthy of support" (p.123). Corporations that lose legitimacy face a variety of difficulties, ranging from punitive legislation to difficulties in hiring qualified personnel. It is pertinent to stress at this point that society judges the legitimacy of a corporation based on the corporation's image. However, both the perceptions of a corporation and the expectations for the corporation can change over time (leading to changes in the legitimacy of the corporation) without actually being any change in the actual activities of the corporation. The corporate image (how it is perceived) and societal expectations are the important factors that must be managed (Eweje, 2006). If corporations ignore social expectations, they are likely to lose control over their internal decision making and external dealings (Sethi, 1979). He posits that legitimacy problems occur when societal expectations for corporate behaviour differ from societal perceptions of a corporation's behaviour. He suggested that at any given time, there is likely to be a gap between performance and societal expectations caused by business actions or changing expectations. A continuously widening gap would cause business to lose legitimacy and threatening its survival. Business must therefore, strive to narrow this "legitimacy gap" to maintain maximum discretionary control over its internal decision-making and external dealings.

INSTRUMENTAL STAKEHOLDER THEORY

The Instrumental Stakeholder theory is based on the stakeholder theory of organization management and business ethics which deals with values and morals in managing an organization. This theory maintains that there is need for an organization to engage in active social roles in the society where it is operating since it depends on the society for sustenance (Ojo, 2012). Investors, shareholders, employees, customers, suppliers, government and the communities are the stakeholders capable of influencing organizational performance of which managers must ensure that their demands are satisfied according to this theory.

The stakeholder theory therefore, takes into consideration the need to satisfy those interested parties capable of influencing organizational performance if an organization is to survive in its environment (Wikipedia, 2012). CSR has become a necessity in this present time due to the goodwill it generates and for the fact that interdependence exist between the corporate firms and the environment where they are operating. The purpose of establishing an enterprise is value creation that involves producing goods and services that will satisfy the demands of the society which maximizes profit for the owner and contribute in solving societal needs (Akindele, 2011). The stakeholder theory holds that effective management requires the balanced consideration of and attention to the legitimate interests of all stakeholders (Freeman, 1984). It is perhaps more familiar in its narrow sense in which the stakeholder groups are limited to shareholders, customers, employees, suppliers, management,

and the local community. This view point seeks to explain current corporate behavior rather than to argue for a more moral position. Just as argued by Orlitzky, Schmidt & Rynes, 2003, that there are managers who believes that in communicating their better social performance with stakeholders such as investors, consumers, suppliers, bankers and employees, the firm's reputation with these stakeholders may improve. We relied on this theory to try and establish the extent to which CSR Spending can be influenced by performance variables like Assets Growth, Sales Growth and Working Capital Growth.

III. EMPIRICAL REVIEW

Daferighe and Adedeji (2010) examined factors affecting corporate concerns about reputation and its impact on profitability and growth of the companies in Nigerian capital market for the period 2000–2006. The automated SPSS was used to test the simple regression models. The findings showed that CSR was not appropriate to predict both profitability and growth of Nigerian manufacturing firms though it indicated lack of commitment by companies to activities of social responsibility.

Choi, Kwak, and Choe (2010) examined the relationship between CSR and corporate financial performance in Korea using a sample of 1222 firm-years during 2002-2008. CSR was measured by both an equal-weighted CSR index and a stakeholder-weighted CSR index while Corporate Financial Performance was measured by ROE, ROA, & Tobin's Q. The finding showed a positive and significant relationship between corporate financial performance and the stakeholder-weighted CSR index.

Omoro, Kinyua, and Okiro (2014) examined the relationship between investment in CSR and sustained growth of commercial banks in Nairobi county-Kenya over a period from 2006-2010. The regression analysis technique was used for the study. Both primary and secondary data were used for the study. Findings showed that there existed a positive relationship between investment in CSR and banks' sustained growth.

Hirigoyen and Poulain-Rehm (2015) investigated the possibility of an endogenous relationship between corporate social responsibility spending and financial performance for 329 listed companies in three region of Asian pacific, Europe and United State using the Vigeo database. The study considered a period of 2 years and applied granger causality test. The study found a strong negative relationship between corporate social spending and corporate financial performance in both direction supporting the negative synergy hypothesis.

Agbiogwu, Ihendinihu, and Okafor (2016) examined the impact of environmental and social costs on performance of Nigerian manufacturing companies with the use of secondary data sourced from 10 (ten) randomly selected firms' annual reports and financial summary for the year 2014. The study used t-test of SPSS version 2010 to analyse the collected data. Findings revealed that the sampled companies environmental and social cost significantly affected Net Profit Margin, EPS and ROCE of manufacturing companies.

Mohammed, Sheed, and Oladele (2016) evaluated the impact of CSR disclosure on the Financial Performance of 10 (ten) manufacturing firms in Nigeria. The secondary data for the study were sourced from the financial statements of the sampled firms. Findings showed an overall significant positive association between CSR and EPS.

Rodriguez-Fernandez (2016) investigated the bi-directional relationship between CSR and Financial Performance in Spanish listed companies. Social behavioural index formed by four components: Global Reporting Initiative Participation, Dow Jones Sustainability Index firm inclusion, Good Corporate Governance Recommendations Compliance, and Global Compact Signee were used. The findings showed that positive relationships in both directions, namely that social in profitable and that the profitable is social, thereby originating a positive feedback virtuous circle.

Chao and Pu (2017) investigated the relationship between corporate social spending, corporate social spending innovation and economic growth of 31 Chinese firms. The study found that corporate social innovation reduces corporate social spending and corporate profitability while increasing corporate growth. The reduction in profitability is also found to affect corporate growth.

Waluyo (2017) focused attention on investigating the impact of several corporate characteristics such as the company age, size and corporate growth as measured by sales growth on corporate social spending of 30 real estate companies in Indonesia for a period of 5 years i.e. 2012-2016. The study found no relationship between corporate growth and corporate social spending but a strong relationship between size, company age and corporate social responsibility.

Wulandari, Siddik & Widiyanti (2019) in contrast, investigated the effect of corporate growth as measured by sales growth, alongside corporate social responsibility disclosure (CSR), leverage and industry membership on profitability of listed manufacturing company on the Indonesia stock exchange for a period of 4 years. Wulandari and colleagues found that there is a strong positive effect flowing from leverage, industry membership, corporate growth and CSR to corporate profitability of manufacturing firms in Indonesia measure by return on asset (ROA). This study in contributing to the literature attempts to test for the influence of growth on CSR Spending.

IV. METHODOLOGY

The study followed Uadiale & Fagbemi, 2012; Omoro, Kinyua and Okiro, 2014 to apply Ex-post-facto research design in investigating the nexus between Corporate Growth and CSR Spending.

Data for the purpose of this research were sourced from listed manufacturing companies totalling thirty (30) registered with NSE between 2011 and 2017, which is the population.

A sample of eleven (11) companies were drawn from the population based on the criteria below;

- ✓ The company must quantify and disclose its CSR Spending, and
- ✓ The company must have completed data on all the independent variables.

MEASUREMENT OF VARIABLE

From the eleven (11) companies, we obtained specific data on growth in four (4) areas i.e. Working Capital Growth Rate, Sales Growth Rate, Assets Growth Rate, and Company Age. Table 1 shows the matrix of the measurement schemes.

S/n	Independent Variables	Measurement	Source
1	WCGR	$\frac{\text{Current Period Working Capital} - \text{Prior Period Working Capital}}{\text{Prior Period Working Capital}} \times 100$	Marz (2018)
2	AGR	$AG_r = \frac{TA_{t+1} - TA_t}{TA_t} \times 100$	Damodaran (2016, p. 170)
3	SGR	$\frac{\text{Current Period Net Sales} - \text{Prior Period Net Sales}}{\text{Prior Period Net Sales}} \times 100$	Marz (2018)
4	CA	The year each company was incorporated	

Source: Researcher's Review 2019

Table 1: Variable Measurement Matrix

MODEL SPECIFICATION

The study adapts a cross sectional model based on a baseline logit model framework used in Cochran and Wood (1984) which examined "Corporate Social Responsibility and Financial Performance". Therefore, we applied the following Cross Sectional regression model specified as follows:

$$CSR_i = \beta_0 + \beta_1 WCGR_i + \beta_2 AGR_i + \beta_3 SGR_i + \beta_4 CA_i + U_i$$

- Where CSR_i = Corporate social responsibility
- $WCGR_i$ = Working Capital Growth Rate
- AGR_i = Asset Growth Rate
- SGR_i = Sales Growth Rate
- CA_i = Company Age
- β_0 = Constant parameter
- β_1, β_4 = Coefficients of the explanatory variables
- U_i = Stochastic disturbance term
- I = Subscript for individual firms used in the study

METHOD OF DATA ANALYSIS

Data collected were analysed using the two stage least square (2SLS) regression model. This is because as argued by Cameron & Trivedi, 2005; Wooldridge, 2010. This method is more consistent and efficient (StataCorp, 2017, pp. 1208–1209).

Correlation and Descriptive statistics were applied to analyse the nature of the data and the strength of the relationship between variables. Diagnostic test was conducted to unravel violation of the classical regression assumption such as; i.) orthogonality of error term across subject i.e. cross-sectional independence, ii) orthogonality of explanatory variable i.e. multi-collinearity check, iii) normality check, and iv) constant variance – homogeneity test.

DATA PRESENTATION AND ANALYSIS

Detailed of the data obtained including growth pattern for both the dependent and independent variables are attached under appendix 1.

NORMALITY TEST

The normality test using the histogram, quantile-normal and normal-probability plot of both the raw data of the dependent variable and the residual were used to check for the Gaussian assumption of normality. The residual was generated as the difference between the observed dependent variable and predicted dependent variable.

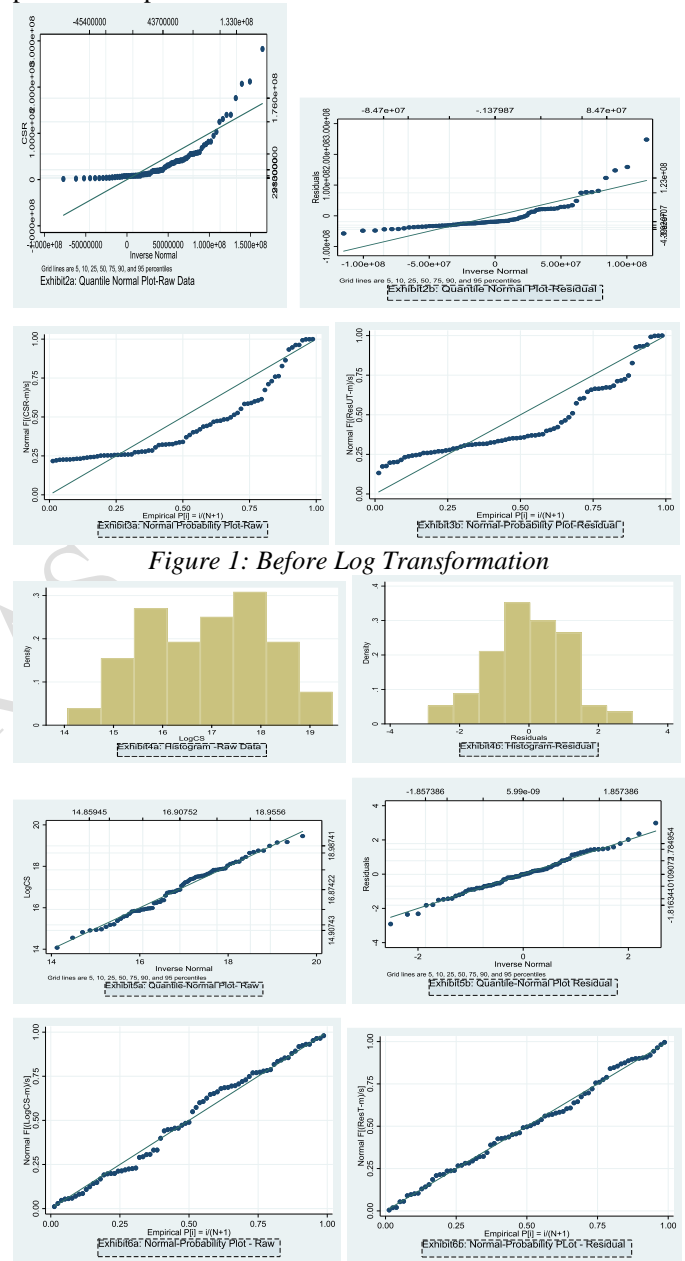


Figure 1: Before Log Transformation

Figure 2: After Log Transformation

Sources: Stata Graphics (2019)

Using the Quantile normal plot, the Histogram and the Normal-probability plot, it is obvious that the untransformed data or the residual estimates violated the normality assumption with a positive skewness (See Exhibit 2A, 2B - 3A, 3B). The quantile-normal plot which focus on the tail of the distribution suggested that for the un-transformed CSR scores the data was heavily tailed to the right and far from the 45-degree gradient line. Similar opinion was shared by the normal-probability plot that focused on the centre or middle of

the data distributions. For a positively skewed data such as the one in this research, Miles and Shevlin (2001) suggested that log transformation of the variable will aid in achieving normality. Applying the procedure and re-plotting the histogram, quantile and probability plot. The normality assumption was satisfied for both the log transformed dependent variable and the associated residuals (See figure 2 i.e. Exhibit 4a,4b – 6a, 6b). The data lies approximately closed to the 45-degree line in quantile normal plot and the normal probability plot. The histogram also depicted a relatively symmetry or bell Shape.

DESCRIPTIVE STATISTICS

Variable	Obs.	Mean	Std. Dev.	Min	Max
CSR	11	3.06E+08	2.78E+08	2.56E+07	8.54E+08
COYAGE	11	349.3636	155.2503	133	637
WCGR	11	363.8063	1633.868	-2781.21	3718.375
AGR	11	140.9326	109.218	9.43595	400.9625
SGR	11	92.76927	51.94872	19.38734	180.4694
LogCS	11	19.06512	1.118105	17.05748	20.56506

Source: Stata output (2019)

Table 7: Summary Statistics of Corporate Growth and Corporate Social Responsibility Spending Variables (Cross Section)

Table 7 summarized the data using measures of central tendency and dispersion i.e. the mean and standard deviation. Using the descriptive statistics estimate from the raw data for cross-sectional descriptive equivalents, the average age of companies selected for the seven (7) years duration was estimated to be 349.36 years with a relatively large variance around the mean age estimated at 155.25 years. Growths in working capital, assets and sales over the 7 years' period averaged 363.81%, 140.93% and 92.77% respectively indicating positive growth rate for at least some of the companies selected. Large deviation from the average value is witness for WCGR with an estimated 1633.87% standard deviation.

CORRELATION ANALYSIS

	CSR	COYAGE	WCGR	AGR	SGR	LogCS
CSR	1					
COYAGE	0.253	1				
	0.4529					
WCGR	0.012	0.1347	1			
	0.9721	0.6929				
AGR	0.4104	-0.3441	-0.0893	1		
	0.21	0.3001	0.7941			
SGR	0.1628	-0.6179**	-0.4298	0.6984**	1	
	0.6326	0.0428	0.1871	0.0168		
LogCS	0.9068***	0.1394	-0.0944	0.5377*	0.269	1
	0.0001	0.6826	0.7825	0.088	0.4238	

* Sig < 10%; **Sig < 5%; ***Sig < 1%

Sources: Researcher Computation Using Stata (2019)

Table 3: Bivariate Correlation Matrix of Corporate Growth and Corporate Social Responsibility Spending Variables (Cross Section)

Table 3 suggested that AGR rate has a strong significant positive relationship with natural log of CSR spending and a moderate not statistically significant relationship with CSR spending in absolute term. With natural log transformation of the CSR spending the relationship is significance at 10%. Similarly, AGR has a strong and statistically significant positive relationship with SGR at 5 % alpha. Finally, SGR also has a strong and statistically significant negative relationship with CA at 5% alpha for the cross sectional data and 10% for the data respectively. WCGR rate has no significant relationship with any of the variables.

HETEROSKEDACITY TEST

Table 4 indicated that the null of constant variance cannot be rejected for the LM and LR test except the Wald test that is rejected at 1% significance level. Giving that Wald test is sensitive to random parameter assumptions and the fact that two of the tests failed to reject the null of constant variance. Therefore, heteroskedacity was not an issue for the purpose of this research.

	Lagrange Multiplier LM Test	Likelihood Ratio (LR Test)	Wald Test
Statistics	12.0495	13.2394	39.8081
P-value	0.2818	0.2106	0.0000

Sources: Researcher Computation Using Stata (2019)

Table 4: Panel GroupWise Heteroskedacity Test

MULTICOLLINEARITY TEST

To test for multi-collinearity, we used the variance inflation factor (VIF) which explained the extent to which the variance is more than what it should be originally and the Inverse VIF-measured how truly independent are the independent variables. The result of variance decomposition is also reported in table 5, but emphasis is placed on interpreting table 6 where one of the most popular measures of multicollinearity i.e. VIF, is used.

RESULT OF MULTICOLLINEARITY TEST

Rows	Condition Index	_cons	WCGR	AGR	SGR	COYAGE
1	1	0.01	0	0.03	0.03	0.01
2	2.17	0.01	0.16	0.51	0.07	0.04
3	2.6	0	0.11	0.43	0.58	0.02
4	3.29	0.01	0.03	0	0.25	0.04
5	7.14	0.96	0.01	0.03	0.04	0.89

Note: Each Row Number Correspond to the adjacent Column named

Sources: Researcher Computation Using Stata (2019)

Table 5: Variance Decomposition Proportion

From table 6, multi-collinearity has no effect on the parameter estimate nor the standard error. The column with VIF estimate suggests that the variance increased 1.15 times on the average more than what it ought to be. This is below the threshold of 3, 5 and 7 suggested in literature. The entire variables are also independent from one another at a

magnitude of between 77%-94% independence from one another.

Variable	VIF	1/VIF
SGR	1.29	0.778157
AGR	1.13	0.885955
WCGR	1.06	0.939926
COYAGE	1.06	0.943879
Mean VIF	1.15	

Sources: Researcher Computation Using Stata (Post Estimation)

Table 6 Variance Inflation Factor (VIF) and the Inverse (1/VIF)

REGRESSION MODEL RESULT

	Coef	Exp(b)	S.E	T	P-Value
Independent Variables					
WCGR	-0.00042	0.999583	0.000282	-1.48	0.2
AGR	0.018517	1.01869	0.007265	2.55	0.05+
SGR	-0.01338	0.98671	0.013235	-1.01	0.36
COYAGE	0.00005	1.00005	0.002831	0.02	0.99
_cons	18.21065		1.615735	11.27	0.000+++
N	10				
R-Square	0.66				
Adj. R-Square	0.39				
Deg. of Freedom	4				
F-test	2.410				
P-value	0.18				
RMSEA	0.91				

+ p<0.1; ++ p<0.05; +++ p<0.01; ++++ p<0.001

Sources: Researcher Computation Using Stata (2019)

Table 8: Relationship Between Corporate Growth and Corporate Social Responsibility Spending

The Adjusted R-Square of 0.39 indicates that the CG model explained 39% of changes or variance in CSR spending of manufacturing firms in Nigeria.

The R-Square of 0.66 shows the overall power of the model but the Adjusted R-Square which is 0.39 shows that the combination of the 4(four) Independent variables were only able to explain 39% of variation in CSR Spending. The remaining 61% is accounted for by other variables not captured in the model. The result suggests that an increase or positive change in AGR by 1% will cause a strong 1.852% positive change in CSR spending. A percentage change or increase in WCGR will, however, lead to weak and statistically insignificant negative or reduction in CSR spending by -0.042%.

Furthermore, a percentage change or increase in SGR rate will also lead to a weak reduction in CSR spending by -1.338%. Finally, the control variable i.e. CA, have a weak positive relationship with CSR spending i.e. the older CA are more likely by chance to be engaged in CSR spending than the younger companies.

HYPOTHESES TEST RESULT

At 0.05 or 5% significance level, the null hypothesis that there is no relationship between WCGR and CSR Spending cannot be rejected because the p-value associated with WCGR of 0.2 is greater than the significance level of 0.05. Therefore,

it can be concluded that no statistically significant relationship exist between WCGR and CSR Spending.

At 0.05 or 5% significance level, the null hypothesis that there is no relationship between AGR and CSR Spending cannot be rejected but can be rejected at 0.10 or 10% significance level. This is because the p-value associated with AGR effect of 0.05 is equal to significance level of 0.05, but less than 0.10 significance level. Therefore, it can be concluded that there is a moderate statistically significant relationship between AGR and CSR Spending.

At 0.05 or 5% significance level, the null hypothesis that there is no relationship between SGR and CSR Spending cannot be rejected because the p-value associated with SGR of 0.36 is greater than the significance level of 0.05. Therefore, it can be concluded that no statistically significant relationship exist between SGR and CSR Spending.

At 0.05 or 5% significance level, the null hypothesis that there is no relationship between CA and CSR Spending cannot be rejected because the p-value associated with CA effect of 0.99 is greater than the significance level of 0.05. Therefore, it can be concluded that no statistically significant relationship exist between CA and CSR Spending.

V. DISCUSSION OF FINDINGS

Interestingly, AGR has strong effect on CSR spending when other variables are held constant, the effect is also found to be moderately positive when the effect of other measured variables is isolated through explicit estimation of other variables. A possible explanation for the strong positive effect of AGR in contrast to the weak negative or positive effect of WCGR, SGR can be found in the slack resource theory, which differentiate between absorbed slack and available slack. The result for a strong positive effect of AGR is also consistent with prior empirical result by Chao & Pu, (2017) and Wulandari, Siddik and Widiyanti, (2019) and inconsistent with findings of Waluyo, (2017) who observe a weak effect of AGR.

This study also found a weak inverse or no relationship between SGR and CSR spending when other factors such as asset, capital and working capital are isolated. This study found the relationship between WCGR and CSR spending to be neutral or non-existence when the impact of all other factors such as; AGR, SGR and CA are held either constant or isolated by direct estimation. The managerial opportunism theory, stakeholder theory or agency theory prediction where there may be competing prioritize need for available liquid slack resources is consistent with the prediction of a weak negative relationship for WCGR, SGR. The weak negative effects of SGR also confirmed prediction by Waluyo (2017) and Lahouel, Gaies, Zaied and Jahmane, (2019).

The relationship between CA and CSR Spending is found to be weak or non- existence when other factors are adjusted for, but becomes stronger when only CA is considered. This indicates that, the age of company may be a deciding factor only when growth variables are not considered, otherwise the CA is not a decider of companies that are likely to engaged in CSR spending.

VI. SUMMARY AND CONCLUSION

The research contributed to existing studies by taking a different perspective to investigating the nexus between CG and CSR spending by considering growth attributes such as; liquidity, revenue and net worth that are yet to be considered by study in the existing literatures.

Analyses of an annual cross-sectional data of eleven (11) companies, aimed at cutting out issues relating to within subject or company correlation that often bias the OLS estimates. The result indicates that WCGR, SGR and CA do not have significant explanatory power to predict CSR spending. Asset Growth Rate, however, tend to improve CSR spending.

This implies that growth in physical asset that had already absorbed slack or excess resources as opposed to excess fluid or free cash flow in form of generated revenue is a better motivator of CSR spending. Hence, the impact of CG on CSR spending is variables dependents as not all CG variables influence firms' decision to increase CSR Spending. Rather firms are more likely to engage in CSR spending when they witness a growth in the physical or cash equivalent variables than those quantified in monetary term and are highly liquid.

The overall model result shows that more than a quarter (i.e. 39%) of variation or changes in CSR Spending is accounted for by AGR, SGR, WCGR, and CA.

VII. LIMITATIONS OF THE STUDY

While some of our findings are consistent with the literature, a number of limitation peculiar to the study required that the results are interpreted with caution.

These limitations are:

- ✓ The independent variables used for the study were 4 (four) which the researcher believed more variables could be added or used for future research on CG and CSR Nexus using the manufacturing companies.
- ✓ The study is limited by the data collected for the research, which it believes in future research more data could be collected in unravelling new ideas.
- ✓ The period used in this research was seven (7) years and it could be extended further by future researches.

VIII. IMPLICATIONS OF FINDINGS & SUGGESTIONS FOR FURTHER RESEARCH

In view of the implications of the findings as highlighted earlier, future research, interests can explore this nexus of the study further by:

- ✓ Since the current study centred on manufacturing sector, other sectors such finance, hospitality, and housing, etc. can be studied to determine the current result can be confirmed or otherwise.
- ✓ Other variables relating to CSR such as Market Price Growth Rate, and Earnings Per Share Growth Rate.

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