Journal of
Business and Strategic
Management
(JBSM)

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CARI Journals

Journal of Business and Strategic Management
ISSN 2520-0402 (online)
Vol.8, Issue No.5, pp 48 – 68, 2023
www.carijournals.org

State Ownership and Corporate Social Responsibility: An Investigation on Nigerian Data

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Accepted: 14th Sep 2023 Received in Revised Form: 26th Sep 2023 Published: 12th Oct 2023

ABSTRACT

Purpose*:* The paper examines the central issue underpinning the growing international literature and arguments that different ownership types have varying implications for a firm's CSR engagement. It compliments evolving studies by looking at the effect of state ownership and other types of ownership structures on CSR, specifically in the Nigerian industry. It is argued that the impact of ownership structure on corporate decisions to allocate resources to Corporate Social Responsibility (CSR) has assumed renewed significance in the burgeoning literature of developing economies, given the exigency for corporate executives to allocate firm specific resources to other social objectives that may detract from profit maximization.

Methodology*:* This paper differs markedly from the methodologies of previous studies which used composite CSR indices. It deconstructs CSR expenditure into five categories – public goods, socially desirable goods, corporate philanthropy, employee relations and environmental conservation – and estimates the effects of government, foreign and institutional ownership on CSR variables controlling for such factors as firm size, return on assets and capital intensity. Using new data on listed Nigerian firms, this paper carries out its empirical investigation with panel data estimation in order to deal with heterogeneity and endogeneity issues.

Findings*:* The findings of this paper indicate that different ownership structures have varying implications for the five forms of CSR investigated in this study. It reveals that government ownership has no significant effect on CSR expenditure on public goods, corporate philanthropy and environmental conservation. However, it finds that government ownership also significantly influences CSR expenditure on socially desirable goods and employee relations.

Unique contribution to theory, practice and policy*:*Theoretically, this paper extends the trajectory of CSR discourse to include an elaborate investigation of the impact of ownership structures on CSR practices in all the major sectors of Nigerian economy.The paper argues that its empirical results have several policy implications for good corporate governance practices in Nigeria and other emerging economies. This paper suggests the need to institute incentives schemes and regulatory constraints that would compel government, foreign and institutional ownership to align their incentives with some forms of CSR practices.

Keywords*:*_Corporate Social Responsibility, Corporate Governance, State-ownership, Foreign and Institutional Ownership, Nigerian Data_

Introduction

The impact of ownership structure on corporate decisions to allocate resources to Corporate Social Responsibility (CSR) has assumed renewed significance in the burgeoning literature of developing economies given the exigency for corporate executives to allocate firm specific resources to other social objectives that may detract from profit maximization. The last three decades have witnessed a substantial increase in the CSR undertakings of firms in both developed and emerging economies. This is not unrelated to the various corporate scandals and unethical practices that have elicited not only stringent regulatory controls for firms by government and industry regulators, but also consumer activism through boycotts of firms' products and media campaigns. For instance, in the mid-1990s, Nike supplier factories also faced public outcry and condemnation for their poor corporate governance practices (Burns, 2000; Harrison and Scorse, 2010), while the Katie-Lee Gifford child-labourscandal exposed the sweatshop labour and other unethical business practices in the apparel supplier factory located in Honduras (Harrison and Scorse, 2010; Strom, 1996).

One of the central issues underpinning this growing international literature on CSR practices is that different ownership types have varying implications for the firm's CSR engagement. Ample evidencesuggests that the fraudulent and irresponsible actions of corporate executives were responsible for the collapse of many large establishments like Enron corporation, WorldCom, American-International Group-AIG, Cadbury Nigeria Plc and Halliburton Nigeria Plc (see for instance Mclean and Elkind, 2003; Swartz and Watkins, 2003; Clarke, 2005; Idemudia and Ite, 2006).This study compliments evolving literature in looking at the effects of different degrees of state ownership and other ownership types on CSR practices in Nigerian industry.

Extant literature maintains that Nigeria has a chequered history of corrupt and unethical business and government practices (Ite, 2004; Erondu et al., 2004; Idemudia and Ite, 2006; Idemudia, 2009); hence, the Nigerian industry presents an interesting study because most of the firms in the oil & gas industry have either substantial government ownership or have their shareholding stake spread between government, foreign and institutional shareholders (Ahunwan, 2002; Idemudia and Ite, 2006; Kone, 2006; Edoho, 2008; Idemudia, 2009). In Nigeria, most state-owned firms (SOFs) and Multinational firms (MNCs) in oil & gas sector are localized in the Niger- delta region, which is characterized by poor infrastructural amenities and environmental degradation owing to the negative externalities of oil production (Idemudia and Ite, 2006; Edoho, 2008). Along the same view, there is increased incidence of local agitation and youth restiveness in the Niger-Delta region as shown in the numerous reports of kidnapping of domestic and foreign oil workers (Ite, 2004; 2005). The basis of agitation of the host communities is informed by the fact that both SOFs and MNCs are the local habitat as well as plundering their natural resources without giving back anything in return (Eweje, 2007; Idemudia, 2010).

To date, we are not aware of any study on Nigeria that has empirically investigated the impact of various ownership structures on CSR practices. This paper aimed to fill this gap by investigating the effect of government, foreign and institutional ownership structures on CSR practices in the Nigerian industry. Previous CSR studies have investigated the relationship between CSR and sustainable development in Nigeria, and limited CSR discourse only to firms in oil & gas sector of Nigerian economy (Eweje, 2007; Edoho, 2008; Idemudia, 2009; 2010). This paper extends the trajectory of CSR discourse to include an elaborate investigation of the impact of ownership structures on CSR practices in all the major sectors of Nigerian economy ranging from oil & gas, manufacturing, consumer-goods, health-care and communication and information sectors. Unlike previous studies, this paper deconstructs CSR into five categories. This work differs markedly from the methodologies of previous studies which used composite CSR indices.

Theoretical background of the Study and Development of Hypotheses:The Effect of Government Ownership on CSR Practices

Agency theory offers a useful theoretical framework for understanding the conflicting relationship between owners and managers which may have positive or negative implications for the relationship between ownership structure and CSR practices.Jensen and Meckling (1976), in their seminal paper, described the agency relationship as “a contract under which one or more persons (the principal) engage another person (the agent) to perform some service on their behalf which involves delegating some decision-making authority to the agent” (p. 308). Fundamentally, this model assumes that principals and agents have different attitudes to risk. The principals are often assumed risk neutral on grounds that they have more liquidity for diversification of investment in the events of takeover, reduction of firm value as shown in declining stock prices or liquidation of the firm; while agents are more risk averse given their more constrained liquidity position(Okafor, 2014).

Agency model is relevant in the broad discourse of the relationship between state ownership and CSR in Nigerian industry. The agency theoretic framework could be relevant in two ways. First, the incentive schemes for executive managers of firms are a factor determining corporate decisions to commit resources to CSR practices. When shareholders perceive CSR expenditures as detrimental to maximizing returns on their investments, then shareholders may constrain managers to refrain from CSR engagements (Morsing, 2011; Roper and Schoenberger-orgad, 2011). A variant of this position is that managers may engage in opportunistic behaviour through expending resources on CSR practices motivated out of the need to boost their self-image and to enhance their competitiveness in the managerial market, even if such expenditure may impact negatively on the firm’s profit margin in the long-term (Himmelberg et al., 1999; Reinhardt et al., 2008; Wang et al., 2008).

Early theories of public ownership simply assumed that government would be interested in social welfare maximization and could utilize SOFs for the maximization of social welfare (Thiemeyer, 1993). In real situation, managers of public firms operate in complex hierarchical set-up, as several government agencies (for instance, legislature, ministries) could serve as principals with their heterogeneous demands on management. This may not only generate conflicting demands on management but also exacerbate bureaucratic bottlenecks in decision-making process (Aharoni, 1986; Bauer, 2005). The fact that SOFs have low leveraging options as they rely on government subsidies and grants, and are not affected by the pressures of private capital market and take-over markets, may make them unresponsive to their social responsibilities and the demands of external stakeholders (Wang and Coffey, 1992; Oh et al., 2011). In the study of corporate governance structure of Nigerian firms, Ahunwan (2002) argues that the security of senior management's job and potential compensation packages in SOFs are premised not on the measure of financial and social performance, but on their loyalty to political godfathers and administrative patrons.

However, it is the view of some literature that when a government is benevolent, it may have clear incentive to persuade firms to undertake in some CSR practices (Nowotny, 1982; Lee, 2009).In their study of Chinese economy, Zu and Song (2009) noted that the inseparable relationship between enterprises and state prior to the economic reforms generated some social roles for SOFs which remained effective even after the reform. These social roles according to Li and Wang (1996),are more pronounced in good employee relations and provision of social goods in the Communist state of China.

Given the multi-dimensional nature of CSR practices, I hypothesizethat:

Hypothesis 1:*Government-ownership has no significant impact on all the forms of CSR with the exception of employee relations in the Nigerian industry.*

Shareholding Structure and CSR Practices

Extant studies maintainedthat in mixed ownership, ownership concentration in the government, which is benevolent and seeks to maximize social welfare, may bring about a positive relationship between CSR and large state-shareholding (Bai and Xu, 2005; See, 2009). Against this backdrop, it is argued that when there is incentive alignment of the controlling shareholders with the interests of minority shareholders and other external stakeholders, majority shareholders may not only refrain from expropriating firm's resources for private rents, but may also support the use of firm's resources to provide CSR practices (Cavaliere and Scabrosetti, 2008; Zu and Song, 2009).This is further premised on the fact that the emergence of government as the controlling shareholder may mitigate the free-rider problems which arise in the course of shareholders' attempt to monitor corporate managers (Shleifer and Vishny, 1986). Along this view, it is argued that high levels of government ownership may create incentive for CEOs to pursue other social objectives that may be aligned to government policies like infrastructural development, conservation of the natural environment, and resolution of fiscal and unemployment problems; these social and political objectives constrain the firms to be responsive to CSR (Bai and Xu, 2005; See, 2009).

However, the incentive of the state as the controlling shareholder may not always be aligned with CSR practices when it is seen as corporate philanthropy, as the government is more likely to support other forms of CSR practices compared to doling philanthropic donations to charities and local communities (Zhang et al., 2009). Thus, if government is the controlling shareholder in mixed ownership, it is hypothesizedin this study that:

Hypothesis 2(a): *High government shareholding is positively related with all forms of CSR in the Nigerian industry with the exception of corporate philanthropy.*

On the other hand, it is argued that high levels of foreign ownership stakes in domestic firms will be underpinned by increased influence of foreign practices (Yoshikawa et al., 2010; Jeon et al., 2011). Since, firms with high levels of foreign shareholding, are usually characterized by good management practices, where CSR implementation forms part and parcel of firm's corporate strategy, it is believed that increased foreign ownership in domestic firms will positively favour the firms' commitment of resources to CSR engagements and may be more responsive to the demands of other external stakeholders (Oh et al., 2011). Consistent with legitimacy theory, Frynas (2005) maintained that firms with foreign ownership may likely support investments in corporate philanthropy and socially desirable investments as means of not only gaining social license from the host communities, but also as a proactive strategy of pleasing ethical investors.

On the contrary, the effectiveness of CSR practices of firms largely owned by foreign shareholders, especially in oil &gas and mining sectors of developing economies hasbeen increasingly undermined; as there is ample evidence of disparity between the stated intentions of these firms and their actual practices and impact in the real world (Frynas, 2005; Idemudia, 2009). Thus, it is not surprising that many CSR practices of firms with a greater percentage of foreign shareholdings do not go beyond mere philanthropic gestures, without attempting to fashion projects that would address development issues and ensure transfer of technical skills (employee-relations) and long-term sustainable development in the community (Ite, 2004; Blowfield and Frynas, 2005).

Consequently, I argued that when public relations and the need to present a good image of the firm underpins firms' CSR engagements at the expense of sustainable development and other negative injunction duties, then media-friendly projects such as philanthropic donations to schools or construction of new hospitals, may be preferred to slow and long-term capacity building or training projects. Thus, it is proposed that:

Hypothesis 2(b):*High percentage of foreign shareholding is only positively related to CSR when it is viewed as corporate philanthropy and socially desirable goods.*

The Effect of Institutional Investors on CSR Practicesin Nigeria

Jensen (1983) observes that internal control systems like managerial incentives and board of directors may not sufficiently provide an effective means of monitoring and curbing managerial opportunism. Consequently, there has been the exigency for external monitoring by institutional investors who own large blocks of shares in the firm (Harjoto and Jo, 2011). The need for institutional investors is premised on the agency, legitimacy and business ethics theories; it is argued that pressures from external investors who are ethically conscious and who may value firms with proven records of social legitimacy, may constrain managers to maximize shareholder's wealth at the expense of pursuing their self-serving objectives (Jensen, 1986; Shleifer and Vishny, 1986)

Several studies document a positive relationship between institutional investors and CSR (Zahra et al., 1993; Graves and Waddock, 1994; Siegel and Vitaliano, 2007). It is argued that since the long-term performance of firms can be enhanced by good management practices, then institutional investors with long-term orientation are more likely to be supportive of CSR-related actions (Graves and Waddock; 1994; Oh et al., 2011). Unlike investment managers, pension fund managers are usually evaluated on long-term basis (Johnson and Greening, 1999); hence, institutional investors with long-term orientation will likely emphasize product quality, employee-relation, avoidance of environmental pollution or the costly fine accompanying it (Silverstein, 1994), and may insist that firms devote resources to corporate philanthropy (Schwab and Thomas, 1998).

Moreover, Spicer (1978) argues that institutional investors consider investments in firms with poor CSR records as a riskier investment: this risk is premised on the likelihood of costly sanctions or fines that may be imposed on firm by legislative or regulatory bodies or by consumer retaliation through boycott of the firm's products. In lieu of this, the 'social standard criterion, which is a set of indicators used to measure the sustainability and ethical impact of firm's activities, has been established by institutional investors which enable them to select target firms to invest in; firms that meet the globally accepted standard of CSR (Huang, 2010).

In line with this, the study proposes that:

Hypothesis 3:*The percentage of firm's shares owned by institutional investors is positively related to all the five forms of CSR practices of firms in the Nigerian industry.*

Methodological Framework and Measurement of Variables

Methodological Framework

The empirical estimation is carried out within a panel-data framework. The preference of this estimation method is not only because it enables a cross-sectional time series analysis which usually makes provision for broader set of data points, but also because of its ability to control for heterogeneity and endogeneity issues. Thus,panel estimation techniques of Fixed and Random effects will be adopted in this study, in addition to the traditional OLS regression. The empirical specification for OLS, Fixed and Random effect models is stated below:

$$\mathrm{lnCSREXP_i} = \alpha_\circ + \alpha_1 \mathrm{GOVT\_OWN}_i + \alpha_2 \mathrm{lnTOTAL\_SALES}_i + \alpha_3 \mathrm{ROA}_i + \alpha_4 \mathrm{CAP\_INT}_i + \varepsilon_{1i} \qquad (1)$$

$\ln\text{CSREXP}_{\text{it}} = \beta_\circ + \beta_1\text{GOVT\_OWN}_{it} + \beta_2\ln\text{TOTAL\_SALES}_{it} + \beta_3\text{ROA}_{it} + \beta_4\text{CAP\_INT}_{it} + \sum_{i=1}^{65}\beta_i idum + \varepsilon_{1it}(2)$

$\ln\text{CSREXP}_{\text{it}} = \delta_\circ + \delta_1\text{GOVT\_OWN}_{it} + \delta_2\ln\text{TOTAL\_SALES}_{it} + \delta_3\text{ROA}_{it} + \delta_4\text{CAP\_INT}_{it} + \mu_i + \varepsilon_{1it}$ (3)

Endogeneity issues would suggest that Fixed-effect is the preferred way to deal with it. Hausman specification test confirms that Fixed-effect is the preferred model. The results of Hausman specification tests are shown in thetables in appendices 1-3.Since the time dimension of the research panel is 10-year series and to ensure the validity of the statistical results, the standard errors of the coefficient estimates is adjusted in order to correct for possible heteroskedasticity and autocorrelation in the residuals of the regression by using Newey-West standard error which is robust to both arbitrary heteroskedasticity and autocorrelation (Wooldridge, 2002; Verbeek, 2008).

To control for endogeneity bias, an instrumental variable (IV) was conducted via the treatment effect for model 1 with dummy variable and Two Stage-Least Square (2SLS) for models 2 and 3 with continuous variables. To account for the impact of firm-specific trend over time, and consistent with the works of Brown et al. (2009), a Fixed-effect and Firm-Specific Trend model (FE & FT)was conducted.

The sample for this study was taken from 66 firms listed on the Nigerian Stock Exchange (NSE) during the period of this study. These firms cover major sectors in Nigerian economy such as oil & gas, manufacturing, consumer goods, healthcare and information and communication sectors. The sample period is ten years ranging from 2004 to 2014. The study relied substantially on firms' annual reports for the years covered and to guard against information asymmetry in the reporting of CSR expenditure, collected data were also collected from an independent data source known as Financial and Governance (FINGOV) Database.

Measurement of Dependent, Independent and Control Variables

The choice of the CSR dependent variables is based on the fact that CSR is a multi-dimensional construct. Hence, the paper deconstructed CSR expenditure into: CSR on public goods, which is measured by the sum of firms' annual CSR expenditure on roads and security; CSR on socially desirable output, which is measured by total CSR expenditure on education, water, electricity, health, youth's development, sports, entertainment; CSR on corporate philanthropy measured by total monetary donations of firms to communities and charitable organization; CSR on environmental conservation, which is measured by total expenditure on ecological conservation, control of oil spillage and pollution abatement technology; percentage of women on the board is used to proxy employee-relations, and is measured by percentage of women on the company's board.Existing studies suggest that the percentage of women on the board is positively correlated with good employee-relations (Erkut et al., 2008; Terjesen et al., 2009).

Journal of Business and Strategic Management
ISSN 2520-0402 (online)
Vol.8, Issue No.5, pp 48 – 68, 2023 www.carijournals.org

The selected explanatory variables include: government ownership, which is a dummy variable that takes the value of "1" when government is a substantial shareholder in a firm and "0" otherwise; government shareholding, which measures the actual percentage of the shareholding of a company that is owned by the government; foreign shareholding, which measures the actual percentage of the shareholding of a firm that is owned by foreigners in the domestic economy; institutional investors, which measures the percentage of shares of institutional investors.

Moreover, some scholars stressed the need to control for industry effects, firm size, and profitability of firms as they may affect corporate decisions to commit resources to CSR (Ullman, 1985; Waddock and Graves, 1997; Konar and Cohen, 2001; McWilliams and Siegel, 2001; Elsayed and Paton, 2005). In line with these studies, this paper included some control variables like total sales revenue, return on asset (ROA) and capital intensity (CAP_INT) to control for firm size, profitability and industry effects.Firm size is measured by the natural logarithm of total sales revenue within the period of the study; ROA is measured by profit after tax in relation to total assets (Osamah and Zoubi, 2005; Huang, 2010), while CAP_INT is an evaluation of total assets in relation to sales (Fahlenbrach et al., 2010).

Empirical Results and Analyses

Descriptive Statistics and Correlation Analysis

Our descriptive table below summarizes the means, maximum and standard deviation of the variables used in the study. A total of 493 observations were used. Table 1 below shows that the mean firms' CSR expenditure is least in environmental conservation with the mean value of $772, and highest in expenditures on socially desirable goods and corporate philanthropy with the mean values of $32,595 and $21,221 respectively. The percentage of women on the firms' board used to proxy CSR on employee relation ranges from zero percentage to 33.33 percent with the average percentage of 4.73 percent.

From table 2 below, the study gathers that manufacturing and Consumer goods sectors, dominated by foreign and institutional ownership, spent more on public goods relative to other industries with the average expenditure of $6083 and $4057 respectively. The table also shows that the mean CSR expenditure on social goods by firms in the consumer goods and oil & gas industries is high with the average expenditure of $62,578 and $57,450 respectively. The study equally finds that the mean CSR expenditure on corporate philanthropy is highest in the manufacturing sector with the average expenditure of $59,489 and lowest in the information and communication sector with the average expenditure of $1,876. CSR expenditure on environmental conservation is highest in the oil & gas sector with the average expenditure of $2,283. This table also shows that firms in the oil & gas sector, dominated by government ownership, have the highest mean (8.33%) of CSR on women on board and is consistent with the view of Ahunwan (2002) who argue that women are more often represented on the board of state-owned firms in Nigeria.

Journal of Business and Strategic Management
ISSN 2520-0402 (online)
Vol.8, Issue No.5, pp 48 – 68, 2023

Table 1: Descriptive Statistics

Variables	N	Minimum	Maximum	Mean	Std.Dev
PUBLIC GOODS	484	.00	397,323.06	2,783	20,305.3
SOCIAL GOODS	484	.00	1,401, 221.37	32,595	132,725.2
PHILANTHROPY	484	.00	1,092,366.41	21,221	117,183.2
WOMEN ON BOARD	493	.00	33.33	4.7311	6.99338
ENVT/CONSERVATION	484	.00	119,083.96	772	6,847.2
GOVT_OWNERSHIP	493	.00	1.00	0.2475	0.43198
GOVERNMENT_SHARE	470	.00	68.00	6.3396	12.67407
FOREIGN_SHARE	493	.0	88.5	34.551	25.2775
INSTU_ INVESTORS	470	.00	94.18	53.6511	18.11233
TOTAL_SALES	491	2,923	2,892,560,534	185,161,313	343,878,557
ROA_PERCENT	491	-172.93	42.71	2.7445	15.85394
CAP_INTENSITY	490	0.159	164,015.2	1,304.4	7,434.7

Note: Valid N = 493

Variable definitions: Govt_Own is Government Ownership, Govt_Share is Government Shareholding, Foreign_share is Foreign Shareholding, Instu_Investors is Institutional Investors, Roa_Percentis Return on Assets, Cap_int is Capital Intensity.

Table 2: Mean CSR Expenditure across Industries over the period from 2004– 2014

Sectors	Public	Social Good	Philanthropy	Environment	Women_Board
Manufacturing	6083	32344	59489	526.6	5.09
Oil & Gas	1557	57450	15137.4	2283.2	8.33
Consumer Goods	4057	62578	26809.1	386	2.5
Healthcare	1382	8649.14	2793.9	460	4.99
Information &Comm	836	1954.2	1876	205	2.59
Total Mean	2783	32595	21221	772	4.7

(Source: Author's computations based on data from companies' annual report from 2004 to 2014)

5.2 Regression Results and Analyses

The results of the various estimation methods are shown intables 3 to 5 below. Models 1 and 3 denote the empirical results for Hypotheses 1 and 3; while model 2 is for Hypotheses 2a and 2b. First, the empirical results contained in table 3 below show that government ownership is statistically significant in CSR expenditure on socially desirable goods and percentage of women on board across the various estimation methods. We however find that government ownership has no significant impact on CSR expenditure on public goods, corporate philanthropy and environmental conservation. Hence, Hypothesis 1,"*Government-ownership has no* *significantimpact on all the forms of CSR with the exception of employee relations in the in the Nigerian industr*y", is not supported by empirical results of the study as government ownership significantly impact on CSR expenditure on social goods and percentage of women on board.

Second, the effects of high levels of government and foreign shareholding on CSR are shown in model 2. The findings from table 4 below indicate that high government shareholding has a significant and positive relationship only in CSR expenditure on socially desirable goods across the various estimation methods. This implies that Hypothesis 2a, "*high government shareholding is positively related with all forms of corporate social responsibility of firms in the Nigerian industry with the exception of corporate philanthropy",* is not supported by results of the study as it is observed that high government shareholding is only positively related to CSR expenditure on social goods.

We also find that high levels of foreign shareholding have significant and positive effect only in CSR expenditure on corporate philanthropy and percentage of women on board. Hence Hypothesis 2b "*High percentage of foreign shareholding is only positively related to CSR when it is viewed as corporate philanthropy and socially desirable goods"* is only supported for CSR expenditure on corporate philanthropy. However, the study reveals that high foreign ownership has a significant and positive impact on CSR expenditure on corporate philanthropy and percentage of women on board.

Third, the impact of institutional investors on all CSR expenditure is shown in model 3. The results contained in table 5 belowshow that institutional investors have a positive and significant relationship with CSR expenditure on socially desirable goods and corporate philanthropy. This result is consistent and robust to the various estimation methods. **Hence, Hypothesis 3 "*The percentage of firm's shares owned by institutional investors is positively related to all the five forms of CSR practices in the Nigerian industry",*** is not supported by our empirical findings as institutional investors is only significant in CSR expenditure on social goods and corporate philanthropy.

Table 3

The Impact of Government Ownership on all CSR Expenditure

Dep.Variable	OLS	Fixed	Random	2SLS	FE&FT
Ln_Public					
Govt_Ownership	-0.650** (-2.02)	0.526 (1.32)	-0.459 (-1.45)	-0.445(-0.61)	0.521 (0.63)
Ln_total Sales	0.422*** (5.48)	0.350 (1.49)	0.389**(4.40)	0.179*** (4.53)	0.255 (0.52)
Return on Assets	0.002 (0.47)	0.004 (0.79)	0.005 (1.01)	-0.009** (-2.19)	0.001 (0.05)
Capital Intensity	0.001*** (3.70)	0.001 (1.52)	0.001***(3.46)	-0.001(-1.46)	0.002 (0.83)
Ln_Social					
Govt_Ownership	-0.907 (-1.60)	2.856***(3.18)	0.433 (0.65)	3.790*** (2.31)	4.748***(8.44)
Ln_total Sales	0.917*** (8.06)	0.570 (1.66)	0.753***(4.90)	0.161*** (4.23)	0.378 (1.12)
Return on Assets	0.024*** (2.37)	0.013 (1.46)	0.014 (1.61)	-0.009** (-2.39)	-0.012 (-1.59)
Capital Intensity	0.002***(4.00)	0.001 (1.55)	0.001***(3.77)	-0.006 (-0.93)	0.004***(3.74)
Ln_Phil					
Govt_Ownership	-0.348 (-0.68)	1.255 (1.49)	-0.121 (-0.23)	-0.787 (-0.50)	-0.817 (-0.56)
Ln_total Sales	0.687*** (6.28)	1.149***(3.98)	0.735***(5.66)	0.239*** (6.38)	1.788***(4.24)
Return on Assets	0.020** (1.98)	0.010 (1.34)	0.014* (1.87)	-0.010***(-2.59)	0.013 (0.91)
Capital Intensity	0.002*** (4.32)	0.002***(4.01)	0.002***(4.87)	-0.003 (-0.64)	-0.001 (0.56)
Women_Board					
Govt_Ownership	-0.764 (-0.62)	3.812***(3.72)	0.273(0.22)	0.250*** (6.49)	2.684** (1.96)
Ln_total Sales	0.061 (0.20)	1.776***(2.71)	0.630* (1.66)	0.403 (1.49)	1.842* (1.79)
Return on Assets	0.017 (0.72)	-0.035**(2.04)	-0.019 (-1.22)	0.004 (0.32)	-0.028 (1.12)
Capital Intensity	-0.003 (-1.54)	0.004***(2.61)	0.001(1.08)	-9.051 (-0.81)	0.002 (0.81)
Ln_Envt					
Govt_Ownership	-0.509** (-2.06)	-0.105 (-0.41)	-0.357 (-1.63)	-1.860 (-1.19)	-0.721 (-1.03)
Ln_total Sales	0.199*** (2.82)	0.192* (1.77)	0.181*** (2.60)	0.161*** (4.23)	0.353 (1.51)
Return on Assets	0.003 (0.14)	-0.001 (-0.07)	0.001 (0.01)	-0.009**(-2.39)	-0.001 (-0.23)
Capital Intensity	0.001*** (2.64)	0.002* (1.78)	0.001*** (2.50)	-0.002 (-0.93)	0.003 (0.59)

Note that *, **, *** indicate significance at the 10%, 5% and 1% levels of significance respectively. The figures in parentheses are t-statistics. Variable Definitions: the dependent CSR variables are Ln_Public, log of CSR expenditure on public goods, Ln_Social, log of CSR expenditure on social goods, Ln_Phil, log of CSR expenditure on philanthropy, Women_bd, percentage of women on the board, Ln_Envt, log of CSR expenditure on Environmental conservation. Government ownership is the explanatory variable while log of total sales, return on assets and capital intensity are the control variables.

Table 4

The Effect of Government and Foreign Shareholding on all CSR Expenditure

Dep-Variable	**OLS**	**Fixed**	**Random**	**2SLS**	**FE & FT**
Ln_Public					
Govt_Share	0.033***(-2.99)	0.028 (1.60)	-0.023(-1.87)	-0.014 (0.33)	-0.007 (0.14)
Foreign_Share	-0.007(-1.46)	-0.008 (-0.43)	-0.008(-1.32)	-0.016 (1.57)	-0.013 (0.46)
Ln_total Sales	0.478*** (5.69)	0.402 (1.49)	0.426***(4.56)	0.455*** (4.30)	0.296 (0.56)
Return on Assets	-0.002 (-0.19)	0.007 (0.81)	0.002 (0.32)	0.003 (0.24)	0.001 (0.06)
Capital Intensity	0.002*** (3.94)	0.001 (1.62)	0.001***(3.61)	0.002 (1.33)	0.002 (0.80)
Ln_Social					
Govt_Share	-0.024(-1.07)	0.095***(2.60)	0.023 (1.16)	0.063***(3.39)	0.151***(2.53)
Foreign_Share	-0.002(-0.16)	-0.026(-0.96)	0.002 (-0.08)	-0.527 (0.66)	-0.021 (0.61)
Ln_total Sales	0.913*** (7.16)	0.634* (1.68)	0.733***(4.44)	1.138***(9.34)	0.586 (1.58)
Return on Assets	0.025* (1.72)	0.017 (1.31)	0.013 (1.12)	0.022* (1.71)	-0.002 (0.16)
Capital Intensity	0.002*** (3.79)	0.001* (1.74)	0.002***(3.29)	0.001* (1.85)	-0.004***(5.63)
Ln_Phil					
Govt_Share	-0.007 (-0.37)	0.003 (0.12)	0.007 (0.36)	0.001 (0.02)	0.099 (1.19)
Foreign_Share	0.002 (0.24)	0.084*** (3.26)	0.001 (0.09)	0.033***(2.46)	0.087***(3.37)
Ln_total Sales	0.671*** (5.58)	1.247***(4.04)	0.699***(5.13)	0.752*** (5.31)	1.951***(4.14)
Return on Assets	0.022 (1.55)	0.021** (2.12)	0.028** (1.97)	0.026* (1.75)	0.019 (1.15)
Capital Intensity	0.002*** (3.85)	0.003*** (4.06)	0.002***(4.31)	0.003* (1.66)	-0.001 (1.46)
Women_Bd					
Govt_Share	-0.070** (-2.07)	0.064 (1.38)	-0.040 (1.31)	-0.165 (1.27)	-0.048 (-0.41)
Foreign_Share	0.054** (2.33)	0.105*** (5.80)	-0.013 (0.37)	0.145***(4.67)	0.102**(5.45)
Ln_total Sales	0.322 (0.99)	2.072*** (2.79)	0.724* (1.78)	0.798***(2.36)	1.836 (1.63)
Return on Assets	0.013 (0.38)	-0.053***(-2.63)	-0.031 (1.47)	0.004 (0.12)	-0.036 (-1.44)
Capital Intensity	-0.002 (-0.90)	-0.004** (2.28)	0.001 (1.22)	0.001 (0.08)	0.002 (0.82)
Ln_Envt					
Govt_Share	-0.018** (-2.26)	0.009 (1.19)	-0.011 (1.26)	-0.329 (-0.62)	0.008 (0.24)
Foreign_Share	0.006 (1.39)	-0.018 (-0.98)	0.004 (0.61)	0.112 (0.54)	-0.034 (-1.09)
Ln_total Sales	0.193*** (2.69)	0.200 (1.59)	0.176***(2.56)	0.597 (0.92)	0.408 (1.56)
Return on Assets	-0.002 (-0.47)	0.001 (0.40)	-0.001(-0.36)	-0.069 (0.58)	0.000 (0.07)
Capital Intensity	0.001** (2.35)	0.001** (1.94)	0.001**(2.35)	0.002 (0.56)	0.002 (0.49)

Note that *, **, *** indicate significance at the 10%, 5% and 1% levels of significance respectively. The figures in parentheses are t-statistics. Variable Definitions: the dependent CSR variables are Ln_Public, log of CSR expenditure on public goods, Ln_Social, log of CSR

Journal of Business and Strategic Management
ISSN 2520-0402 (online)
Vol.8, Issue No.5, pp 48 – 68, 2023
www.carijournals.org

expenditure on social goods, Ln_Phil, log of CSR expenditure on philanthropy, Women_bd, percentage of women on the board, Ln_Envt, log of CSR expenditure on Environmental conservation. Government and Foreign Shareholding are the explanatory variables while log of total sales, return on assets and capital intensity are the control variables.

Table 5

The Impact of Institutional Investors on all CSR Expenditure

Dep. Variable	OLS	Fixed	Random	2SLS	FE&FT
Ln_Public					
Institutional	-0.008 (-1.08)	-0.015 (1.41)	-0.010 (1.60)	-0.348 (-1.07)	-0.031 (-1.57)
Ln_total Sales	0.481***(5.11)	0.413 (1.58)	0.404***(4.66)	0.227 (1.37)	0.486 (0.95)
Return on Assets	0.006 (0.34)	0.007 (0.72)	0.005 (0.83)	0.027 (1.15)	0.003 (0.17)
Capital Intensity	0.001***(3.38)	0.001* (1.69)	0.001***(3.72)	0.001 (0.21)	0.002 (0.92)
Ln_Social					
Institutional	0.037*** (3.31)	0.028 (1.32)	-0.029 (2.40)	0.124** (1.90)	0.036**(4.90)
Ln_total Sales	0.961*** (8.25)	0.470 (1.29)	0.831***(5.76)	0.370 (1.24)	0.456 (1.37)
Return on Assets	0.029* (1.73)	0.011 (0.86)	0.015 (1.20)	0.088***(2.49)	-0.009 (-1.24)
Capital Intensity	0.002*** (3.90)	0.001 (1.11)	0.002***(4.50)	-0.001 (0.13)	0.004***(3.30)
Ln_Phil					
Institutional	-0.018* (-1.63)	0.020***(4.88)	0.018* (1.79)	0.215**(2.17)	0.029***(3.45)
Ln_total Sales	0.708***(6.21)	1.144***(3.90)	0.756***(6.11)	1.127***(3.67)	1.978***(4.54)
Return on Assets	0.023 (1.55)	0.017* (1.74)	0.021** (1.93)	0.032**(1.46)	0.015 (1.06)
Capital Intensity	0.002***(3.98)	0.002***(4.03)	0.002***(5.21)	0.002 (1.00)	-0.001 (-0.57)
Women_Bd					
Institutional	-0.069** (-2.34)	-0.008 (0.16)	-0.033 (0.98)	-0.081 (-0.55)	0.045 (0.52)
Ln_total Sales	1.288 (1.04)	1.787***(2.53)	0.724**(1.97)	0.512 (1.13)	1.644 (1.46)
Return on Assets	0.015 (0.41)	-0.050**(-2.23)	-0.022 (0.99)	-0.001 (0.03)	-0.028 (-0.99)
Capital Intensity	-0.002 (-1.40)	0.004** (2.19)	0.001 (1.38)	-0.002 (-0.46)	-0.001 (-0.57)
Ln_Envt					
Institutional	0.013* (1.87)	-0.005 (1.14)	0.003 (0.68)	0.039 (1.07)	-0.008 (-0.76)
Ln_total Sales	0.180*** (2.67)	0.214* (1.70)	0.164** (2.36)	0.321***(2.90)	0.398 (1.46)
Return on Assets	-0.001 (-0.32)	0.001 (0.30)	0.006 (0.02)	0.016**(2.01)	-0.001 (-0.08)
Capital Intensity	0.001*** (2.46)	0.001 (1.61)	0.001** (2.17)	0.001 (1.59)	0.003 (0.53)

Note that *, **, *** indicate significance at the 10%, 5% and 1% levels of significance respectively. The figures in parentheses are t-statistics. Variable Definitions: the dependent CSR variables are Ln_Public, log of CSR expenditure on public goods, Ln_Social, log of CSR expenditure on social goods, Ln_Phil, log of CSR expenditure on philanthropy, Women_bd, percentage of women on the board, Ln_Envt, log of CSR expenditure on Environmental conservation. Institutional investor is the explanatory variable while log of total sales, return on assets and capital intensity are the control variables.

Discussion of Results

The empirical results show that government ownership is significantly and positively related with CSR expenditure on socially desirable goods and percentage of women on board used to proxy employee-relations. The credible performance of government ownership on employee relations may be related to the fact that women are more often represented on the board of SOFs in Nigeria, and is in consonance with the requirement of the revised corporate governance code of 2003 which insist on the need for firms with government and private ownership to incorporate women on the board of Nigerian firms. Similarly, governments in Nigeria and other emerging economies have also relied on the use of firm's resources for provision of some social goods given their inability to execute their primary responsibility of providing these goods (Ite, 2004; Eweje, 2007; Idemudia, 2010).

Contrary to findings of extant literature on the positive relationship between state-ownership and CSR on public goods and environmental conservation (Bai and Xu, 2005; Mako, 2006; See, 2009); this paper finds that government ownership has no significant impact on CSR expenditure on public goods, corporate philanthropy and environmental conservation. The poor performance of SOFs in environmental issues is consistent with the deteriorating state of amenities in the Niger-Delta region of Nigeria and a host of environmental degradation ranging from gas flaring, pollution of rivers and farmlands. As expected, the insignificant relationship between government ownership and corporate philanthropy is supported by existing empirical works (Bai and Xu, 2005; See, 2009; Zhang et al., 2009). One of the major reasons for this is that government may have specialized agencies charged with the responsibility of providing basic welfare like healthcare and pension scheme.

The findings of this paper in model 2 indicate that a high level of government shareholding is statistically insignificant in all the categories of CSR save for CSR expenditure on socially desirable goods. In Nigeria, it is usually the case that government used its high shareholding stake in mixed ownership to constrain firms to be financiers of its future political campaigns (Mbaku, 1992). Thus, investments in public goods, environmental conservation, corporate philanthropy and employee relations may not be aligned with the political objectives of the state as the controlling shareholder.

The paper also finds that high level of foreign shareholding has a significant and positive relationship with CSR expenditure on corporate philanthropy and percentage of women on board. The positive relationship of high foreign ownership with corporate philanthropy in Nigeria is premised on the fact that firms with greater majority of foreign owners use corporate philanthropy as a public relation strategy of gaining the social license to operate. Similarly, the positive relationship between foreign ownership and percentage of women on the board in Nigeria is expected; as firms with greater dominance of foreign shareholders are more likely to imitate the good management practices of their parents' companies that emphasize the need to incorporate women on the board of directors.

On the other hand, the study finds that high level of foreign shareholding is statistically insignificant in CSR expenditure on public goods, socially desirable investments and environmental conservation. This finding contradicts the popular view in some emerging Western CSR literature that high level of foreign ownership stakes in domestic firms will be positively related to CSR engagements in social investments and environmental conservation (Ahunwan, 2002; Jeon et al., 2011). The peculiarity of the Nigerian case hinges on the fact that most firms with high levels of foreign shareholdings are concentrated in the manufacturing, oil & gas and health-care sectors. These sectors offer limited opportunities for competitive advantage as the foreign owners usually have the requisite staff, skills and technology to survive in the industry. Since, these firms produce non-consumer goods; their profitability is not largely dependent on consumer patronage. This is further exacerbated by the poor and inefficient regulatory framework alongside the dearth of incentives for such firms to engage in CSR. Consistent with the business environment thriving in emerging economies, firms with foreign ownership in Nigeria find it expedient to exploit the lack of stringent regulation with regards to operating standard, tax liability and basic social investments expected of them by the host communities.

The empirical results in model 3 show that institutional investors have a significant and positive relationship only with CSR expenditure on social goods and corporate philanthropy. The possible reason that underlies the credible performance of institutional investors in these two forms of CSR may be due to the fact that philanthropic donations and social investments are discretionary aspect of CSR practices and may not exert huge wage bill on the firms' profit compared to other forms of CSR practices. Moreover, Institutional investors in Nigeria are more likely to promote CSR expenditure on social goods as it may be one of the ways of signaling to the public their commitment to the interests of other stakeholders of the firm.

However, the poor performance of institutional investors in CSR expenditure on public goods, environmental conservation and percentage of women on board may be consistent with the short-term orientation of institutional investors in Nigeria. In Nigerian industries, most blocks of institutional investors are held by mutual fund and investment banks (Hassan, 2011; Hassan and Ahmed, 2012). These mutual fund and investment bank managers are usually motivated by short-termism and may ensure that the firms they invest in adopt policies and practices that will maximize profit in the short-term (Bushee, 1998; Johnson and Greening, 1999).

Policy Recommendations and Conclusion

The empirical findings in this paper clearly indicate that different ownership structures have varying implications for the five forms of CSR investigated in this study. The conclusions of the empirical results have several policy implications for good corporate governance practices in Nigeria and other emerging economies.

Government should institute strict regulatory constraints that will compel firms to be socially responsive to the demands of other external stakeholders. Thus, the state must institute an efficient fiscal policy that ensures that adequate taxation is imposed on both government-owned, foreign and domestic firms in accordance with their pollution level or environmental degradation. The state can also provide incentive schemes for firms who are adjudged as socially responsible. This could be in the form of government patronage via subsidies, grants, easy access to loan capital, awards of contracts to greener firms, government aid for research and development. It is also necessary that regulatory authorities design a corporate governance code that emphasizes not only the maximization of shareholders' wealth as the fiduciary responsibility of corporate managers, but also incorporates CSR practices as one of the essential metrics of good corporate performance.

Out of the 119 firms listed on the Nigerian stock market, only 66 of them had the sufficient data needed for this study. Moreover, some of the firms in oil & gas sector, dominated by government ownership, are not listed on Nigerian stock market (Ahunwan, 2002). Future research should explore more avenues of obtaining data on listed firms in Nigeria despite the challenges and difficulties involved in gathering data from emerging economies; often characterized by dearth of efficient regulatory framework for their capital markets.

Finally, future research in Nigeria should extend the conclusions of this study by investigating the behavioural dynamics and processes through which other corporate governance variables like board size, managerial directors, board independence, CEO-duality and board diversity will impact on CSR practices of firms in Nigeria and other emerging economies.

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