

EFFECT OF PHILANTHROPIC AND ETHICAL ACTIVITIES ON ORGANISATIONAL PERFORMANCE IN DANGOTE CEMENT COMPANY OBAJANA, KOGI STATE

¹HASSAN, Yusuf Owuda, ²Dr. Z. H Abdul & ³Prof. (Mrs) R.A. Andah
^{1,2&3}Department of Business Administration, Nasarawa State University, Keffi

Abstract

This study examines the effect of philanthropic and ethical activities on organizational performance, focusing on Dangote Cement in Obajana, Kogi State, Nigeria. The population of this study is 117 skilled labor employees from the company. Data were collected via a questionnaire, and census sampling was employed. The data collected was analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The study found that philanthropic activities have positive and significant effect on organizational performance. Also, the study found that ethical activities have positive and significant effect on organization performance. Based on the finding the study concluded that businesses that actively engage in charitable initiatives not only contribute to their communities but also enhance their own operational success. It was also concluded that organizations that prioritize ethical practices not only enhance their reputation but also foster trust and loyalty among stakeholders. The study recommended that organizations should create a structured approach to philanthropy that aligns with their mission and values. It is recommended that organizations should develop a clear and comprehensive code of ethics that outlines expected behaviors and decision-making guidelines

Keywords: Corporate Social Responsibility (CSR), Philanthropic Activities, Ethical Activities, Organizational Performance

INTRODUCTION

Corporate social responsibility (CSR), particularly philanthropic and ethical activities, on organizational performance has gained significant attention in both academic and business circles. This is particularly true in developing economies, where companies are increasingly recognized for their role in societal development. Dangote Cement Company, headquartered in Obajana, Kogi State, Nigeria, is one of the largest cement producers in Africa. As a major player in the Nigerian economy, the company has a profound influence on local communities and the environment. Recognizing this influence, Dangote Cement has engaged in various philanthropic initiatives, including educational support, healthcare provision, and infrastructural development.

Philanthropic activities often aim to improve the quality of life for local communities, which can, in turn, foster goodwill and enhance the company's reputation. Ethical activities such as fair labor practices, environmental sustainability, and transparent governance are equally crucial as they align the company's operations with societal values and stakeholder expectations.

CSR is relevant to nearly all organizations, but private industries are particularly attentive to these programs due to the diverse interests of their stakeholders. Schwartz (2021) highlights several advantages of CSR, including profit maximization for shareholders, maintaining liquidity, regulatory compliance, credit demand satisfaction, economic contribution, and community support. CSR helps companies build a positive public image and act preemptively against risks, scandals, and regulatory pressures. Corporations increasingly publicize their CSR activities through websites, sustainability reports, and advertisements to garner customer sympathy and trust.

Beauchamp et al (2016), the demand for ethical behavior from organizations by customers and governments has led many corporations to integrate CSR into their business strategies, mission statements, values and CSR involves respecting labor and environmental laws while balancing various stakeholder interests, additionally, CSR can provide a competitive advantage, helping companies attract and retain customers and motivated employees, which support long-term survival. Jones (2023) found that companies with robust CSR initiatives develop a positive social identity and increase loyalty from customers and employees. The significant positive relationship between CSR and company performance

indicates that strong CSR practices enhance consumer preference and investment appeal. Ultimately, companies must engage with their communities to produce relevant products and services. Understanding customer perceptions and expectations through research is crucial for improving service quality, customer satisfaction, and loyalty.

Dangote Cement Company in Obajana, Kogi State, has been involved in several community-related challenges, including ongoing crises with the host community, instances of staff kidnappings, and allegations from the former Governor of Kogi State, Alh. Yahaya Bello, that the company has failed to adequately employ the locals these could be as a result of weaknesses in the company's approach to Corporate Social Responsibility (CSR), particularly in its philanthropic and ethical activities. The research seeks to determine the extent to which these activities contribute to measurable benefits for the company.

Research Objectives

- i. To examine the influence of philanthropic activities on organizational performance of Dangote cement company Obajana, Kogi State, Nigeria.
- ii. To evaluate the impact of ethical activities on organizational performance on Dangote cement company Obajana, Kogi State, Nigeria.

LITERATURE REVIEW

Philanthropic Activities

Philanthropic activities in organizations encompass various forms, including cash donations, product contributions, event sponsorships, employee volunteerism, and public service announcements. The practice of corporate giving has grown significantly, with many CSR measures being introduced as a result. Research indicates that firms with strong social values often experience high financial performance Crane, et al (2021).

Moir L. (2015) defines philanthropic activities as voluntary contributions and support provided by companies to charitable causes and community projects, which go beyond legal and ethical obligations to foster goodwill and social betterment. Bhattacharya (2017) defines philanthropic activities as part of CSR where companies engage in charitable donations and community support initiatives to build a positive image and strengthen customer loyalty. Moon and Vogel (2018) characterize philanthropic activities as voluntary actions by firms to contribute to societal welfare through donations, sponsorships, and support for charitable activities, which help in aligning corporate actions with social values and expectations. Carroll (2021) review philanthropic activities as one dimension of CSR, where companies voluntarily support causes and organizations to foster goodwill and enhance their social responsibility profile.

Richard et al (2020) found that institutions perceived as trustworthy tend to achieve long-term success, whereas those viewed as untrustworthy often face short-term success. Companies engaged in philanthropy generally exhibit greater transparency between stakeholders and management, which contributes to long-term financial success. This view is supported by Chwistecka-Dudek and Korenkiewicz (2021), who found a direct correlation between shareholder value and stakeholder management.

Yunis et al. (2017) revealed that firms in Pakistan involved in philanthropic activities reported positive financial performance. Yook and Lee (2020) observed that firms participating in philanthropic donations gained value in the capital market. Buchholtz et al (2018) explored the relationship between shareholders' wealth and corporate philanthropy, emphasizing its importance as a measure of CSR. Godfrey argued that philanthropic activities enhance shareholder wealth and recommended that firms adhere to principles of responsiveness, stability, and transparency. He also noted that consistent philanthropic efforts are perceived as genuine, rather than opportunistic.

Brown et al. (2016) examined corporate philanthropy, focusing on governance, giving priorities, and management involvement. They found that firms with a larger number of board members are more likely to establish corporate foundations and engage in philanthropy. Ho et al. (2019) reported that commercial banks in Mongolia involved in corporate philanthropy had fewer non-performing loans. Neville et al. (2015) highlighted the ethical benefits and extrinsic value of corporate philanthropy, including improved social status and support for those in need. Siw (2017) noted that philanthropic responsibility is discretionary, allowing firms to allocate resources to social and charitable activities according to their marketing and business objectives, without predefined expectations.

CSR Ethical Activities

The relationship between Corporate Social Responsibility (CSR) and ethical activities is rooted in stakeholder theory, emphasizing the values that guide organizational management (Guan and Noronha, 2017). Ethical activities, as defined by Brown et al. (2015), involves demonstrating appropriate behavior through interpersonal interactions, decision-making, and fostering a culture of trust and accountability. Carroll and Shabana (2016) categorize CSR into ethical, legal, economic, and philanthropic responsibilities, which society and corporate stakeholders expect companies to uphold. Spence et al (2021) emphasize that ethical CSR activities involve companies operating in a manner that reflects ethical norms and principles. This includes fairness, transparency, and respect for all stakeholders, and extends to how companies handle issues like labor practices, environmental impacts, and business integrity.

Jones et al (2023) they view ethical responsibilities as integral to stakeholder theory, suggesting that companies must consider the moral implications of their actions on various stakeholders. Ethical CSR activities are those that go beyond legal requirements and align with ethical principles and stakeholder expectations. Schwartz et al (2021), ethical responsibilities within CSR as part of a broader framework that includes economic and legal dimensions. Ethical responsibilities are framed as the obligations companies have to act in ways that are fair, just, and aligned with societal expectations, beyond mere compliance with laws.

Ethical responsibilities include actions such as fair employee compensation and ethical business practices (Beauchamp, 2017). Organizations that prioritize ethics exhibit traits such as honesty, fairness, and accountability (Akben-Selcuk, 2019). Ethical leaders not only embody these values but also communicate their importance to employees (Long et al., 2020). Auliyah and Basuki (2021) found that integrating ethical values in the Indonesian banking sector led to improved long-term financial performance. Despite varying empirical findings, ethical activities generally enhance a firm's reputation, which is crucial for its financial performance (Moir, L. 2015). Aquino (2017) noted a negative relationship between ethical activities and immediate financial performance but found positive correlations with employee dimensions and Corporate Financial Performance (CFP). CSR's ethical dimension plays a pivotal role in shaping organizational behavior and performance. While some studies suggest complexities in the direct financial impact, the overall benefit to reputation and employee engagement underscores its strategic importance.

Organizational Performance

Organizational performance is one of the most important constructs of interest in management studies. Continuous performance is the focus of any organization, mainly because performance improvement enables organizations to grow (Gavrea et al., 2021). Organizational performance is an indicator of how well an organization achieves its objectives. Additionally, the evaluation of organizational performance is not possible without taking organizational objectives into account. Hence, in today's competitive market, organizations must be able to evaluate their objectives such as product costs, profit, as well as subjective performances, and set up appropriate strategies to achieve their objectives and competitive advantage (Hernandez, 2021). In order for companies to measure the fulfillment of these objectives and improve organizational performance, there are several measurement tools available, among which the BSC is one of the most valuable performance measurement and management tools that is widely known and used.

Shabana et al (2021) Organizational performance refers to how effectively an organization achieves its goals and objectives, considering various factors such as financial performance, operational efficiency, employee satisfaction, and customer satisfaction. It encompasses a range of metrics and indicators that reflect the overall success and health of the organization. Neerly (2015) Organizational performance is defined as the effectiveness with which an organization achieves its strategic objectives, measured through various performance metrics including financial outcomes, operational processes, and stakeholder satisfaction. Kaplan and Norton (2017) define organizational performance in terms of the balanced scorecard approach, which evaluates performance through financial measures, customer perspectives, internal processes, and learning and growth.

Performance is what the organization hires one to do, and do well. Thus, performance is not defined by the action itself but by judgmental and evaluative processes (Schmit, 2017). Performance is a multi-dimensional concept, on the most basic level, Motowidlo (2019) distinguishes between task and contextual performance. Task performance refers to an individual's proficiency with which he or she performs activities which contribute to the organization's 'technical core'. Performance is not defined by the action itself but by judgmental and evaluative processes (Schmit, 2017). Moreover, only actions which can be scaled, i.e., measured, are considered to constitute performance (Campbell et al., 2019).

Garvin (2016) defines organizational performance in terms of an organization's ability to learn and adapt, which influences overall effectiveness and efficiency in achieving its objectives. These provide various perspectives on organizational performance, from stakeholder management to strategic advantage and performance measurement. Ittner et al (2019) Organizational performance is evaluated by the quality and effectiveness of performance measurement systems, focusing on how well these systems provide accurate, relevant, and timely information for decision-making.

Kaplan et al (2021), organizational performance through the balanced scorecard framework, which includes financial performance, customer satisfaction, internal processes, and learning and growth perspectives. Barney et al (2019), Organizational performance is described as the effectiveness with which an organization leverages its resources and capabilities to gain competitive advantage and achieve strategic goals. Harrison et al (2018) Organizational performance is defined in terms of how well a company manages its stakeholder relationships to achieve sustainable success. This includes balancing financial performance with social and environmental responsibilities. Morgeson et al (2023), organizational performance as the achievement of organizational goals and objectives through effective management of processes, resources, and people, focusing on both quantitative and qualitative outcomes. Richard et al (2020) Organizational performance is discussed as the extent to which an organization meets its goals, measured across various domains including financial performance, customer satisfaction, and operational effectiveness.

To understand why individuals focus their energies in the performance of work roles, Kahn (2019) developed a theory of motivation known as work engagement. The work engagement literature suggests that people can be either engaged or disengaged in work. Engaged people are psychologically present and invest more energy into role performance while disengaged employees are usually more detached, apathetic, and passive and thus withhold their best efforts. According to Neely (2015), work engagement is "the simultaneous employment and expression of a person's 'preferred self' in task behaviors that promote connections to work and to others." When people "harness their full selves in active, work role performance," they become "cognitively vigilant, focused and attentive" (Crawford, 2020). Therefore, in addition to effective task performance, researchers have considered work engagement a particular motivational state in fulfilling a demanding job and performing a complex work role. Rich et al (2019) show that work engagement is a distinct motivational construct that accounts for differences in employees' task performance and organizational citizenship behavior (e.g., voicing ideas to improve organizational functioning), in addition to the effects of job involvement and intrinsic motivation.

CSR performance, or Corporate Social Responsibility performance, refers to how well a company meets its philanthropic and ethical responsibilities while conducting its business operations. This includes

factors like environmental sustainability, community engagement, employee well-being, and ethical business practices. High CSR performance typically indicates that a company is operating in a socially responsible and sustainable manner.

Empirical Review

Mohamed et al (2018) investigate the effect of CSR on firm performance using cross-sectional data collected from non-financial companies in Egypt. The relationships between the two variables were tested using regression analysis. The result of the study revealed that there is a positive and significant relationship between CSR and firm's performance. In the study approved by Boafo and Kokuma (2017) on the impact of CSR on organizational performance, using Vodafone Ghana limited, the study which was designed as a descriptive survey design found that CSR activities can bring a good image to the organization.

Babalola (2019) did a study on the relationship between CSR and firms' profitability in Nigeria. Secondary data was the source of data collection from 10 randomly selected firms from 1999- 2018. The study found that CSR caused changes in the firm's profitability in Nigeria. Ukpabi, Ikaba, Enyindah, Orji, and Idatoru (2019) empirically investigated the role of CSR in the attainment of organizational goals in the oil and gas industry in the Niger Delta of Nigeria. They found out that the active involvement of firms in CSR has a significant contribution to the productivity and stability of the company. Zana (2021) also finds an additional surprising fact that CSR positively affects organizational commitment.

Ibrahim and Abubakar (2020) assess the influence of CSR on the organizational image, using selected food and beverage companies in Nigeria. The survey research design was employed which covers Federal Capital Territory. The findings of the study revealed that CSR activities are the key drivers of the organizational image building. Szegedi, Khan, and Lentner (2020) examined the relationship between CSR and financial performance evidence of Pakistani listed banks. The findings indicate an increase in CSR disclosure will help to improve the accounting based financial performance of the listed banks. Al-Samman and Al-Nashmi, (2016) explored the relationship between CSR and non-financial organizational performance. Using Public and private enterprises in Yemen, they found that the four dimensions of CSR (philanthropic and ethical activities) have a positive relationship with and non-financial organizational performance

Shareholder Theory

Shareholder theory states that the primary objective of management is to maximize shareholder value. This objective ranks in front of the interests of other corporate stakeholders, such as employees, suppliers, customers, and society. Shareholder theory argues that shareholders are the ultimate owners of a corporate are assets, and thus, the priority for managers and boards is to protect and grow these assets for the benefit of shareholders. Shareholder theory assumes that shareholders value corporate assets with two measurable metrics, dividends and share price. Therefore, management should make decisions that maximize the combined value of dividends and share price increases.

However, shareholder theory fails to consider that shareholders and corporates may have other objectives that are not based on financial performance. For example, as early as 2016, Berle and Means argued that corporations have a variety of purposes and interests including encouraging entrepreneurship, innovation, and building communities. This wider view is gaining more traction in recent decades as evidenced by an increased interest in ethical investment funds. This suggests that shareholders and potential shareholders are not only interested in financial gains but are also interested in corporates being socially responsible (Kyriakou 2018). Therefore, shareholder value creation is important; however, it needs to be balanced with other stakeholders' interests. This is referred to as an enlightened approach to shareholder value maximization. This entry outlines the origins of shareholder value theory, provides a rationale for prioritizing shareholder value theory, documents arguments for taking a wider view beyond shareholder value, and explains enlightened shareholder value.

During the 1980s financial institutions became substantial investors in corporate shares. Financial institutions pursue wealth maximization as their primary investment objective. This increased attention from well-informed investors and led to pressure on directors to deliver high returns on their tangible assets. If high returns are not reported, then corporates faced the risk of being taken over and broken up. This shifted the priorities of corporates to cost-cutting, divestiture, outsourcing, and offshoring as managers did whatever was necessary to meet the earnings expectations of the market (Dallas, 2017). Improvements in information technology in the 1980s and 1990s also resulted in easier access to information on corporates, increased interest from a wider range of investors and hence greater liquidity in the stock market. In particular, it enabled more trading by transient shareholders whose main focus is liquidating short-term abnormal gains. The shift in focus to reporting short-term gains is argued to conflict

Stakeholder Theory

The word “stakeholder,” the way we now use it, first appeared in an internal memorandum at the Stanford Research Institute (now SRI International, Inc.), in 1963. The term was meant to challenge the notion that stockholders are the only group to whom management need be responsive. By the late 1970s and early 1980s, scholars and practitioners were working to develop management theories to help explain management problems that involved high levels of uncertainty and change. Stakeholder theory suggests that if we adopt as a unit of analysis the relationships between a business and the groups and individuals who can affect or are affected by it, then we have a better chance to deal effectively with these three problems.

First, from a stakeholder perspective, business can be understood as a set of relationships among groups that have a stake in the activities that make up the business (Freeman, 2016; Jones, 2017; Walsh, 2019). It is about how customers, suppliers, employees, financiers (stockholders, bondholders, banks, etc.), communities and managers interact to jointly create and trade value. To understand a business is to know how these relationships work and change over time. It is the executive’s job to manage and shape these relationships to create as much value as possible for stakeholders and to manage the distribution of that value (Freeman, 2015). Where stakeholder interests’ conflict, the executive must find a way to rethink problems so that the needs of a broad group of stakeholders are addressed, and to the extent this is done even more value may be created for each (Harrison, Bosse, & Phillips, 2017). If tradeoffs have to be made, as sometimes happens, then executives must figure out how to make the tradeoffs, and then work on improving the tradeoffs for all sides (Freeman, Harrison, & Wicks, 2017).

Second, although effective management of stakeholder relationships helps businesses survive and thrive in capitalist systems, it is also a moral endeavor because it concerns questions of values, choice, and potential harms and benefits for a large group of groups and individuals (Phillips, 2014). Finally, a description of management that focuses attention on the creation, maintenance, and alignment of stakeholder relationships better equips practitioners to create value and avoid moral failures (Post, Preston, & Sachs, 2015a; Sisodia, Wolfe, & Sheth, 2017).

There has been a great deal of discussion about what kind of entity “stakeholder theory” really is. Some have argued that it isn’t a “theory,” because theories are connected sets of testable propositions. Others have suggested that there is just too much ambiguity in the definition of the central term to ever admit of the status of theory. Still others have suggested that it is an alternative “theory of the firm,” contra the shareholder theory of the firm. As philosophical pragmatists, we don’t have much to say about these debates. We see “stakeholder theory” as a “framework,” a set of ideas from which a number of theories can be derived. And we often use “stakeholder theory” to refer to the rather substantial body of scholarship that depends on the centrality of the stakeholder idea or framework. For some purposes, it is surely advantageous to use the term in very specific ways (e.g., to facilitate certain kinds of theory development and empirical testing); but for others, it is not.

The stakeholder perspective has been widely applied in a wide variety of disciplines, including law, healthcare, public administration, environmental policy, and ethics (Sprinkle et al 2018).

Stakeholder theory is an excuse for managerial opportunism (Jensen, 2018; Marcoux, 2016; Sternberg, 2017). The core claim is that by providing more groups who management can argue their actions benefit, stakeholder theory makes it far easier to engage in self-dealing and defend it than if shareholder theory were the sole purpose. In contrast, they argue that managers who have a duty only to shareholders are better able to judge their performance and clearly see whether they have done well (or not).

Wicks et al, (2015) offer two replies: first, that much of the current managerial opportunism has been done under the banner of shareholder maximization (e.g., Enron, Worldcom) and they specifically critique the actions of Al Dunlap, who grossly mismanaged a number of companies to create his own financial benefit; second, that this is an issue for any theory of organization and does not put stakeholder theory in a worse light because of it. Indeed, the authors argue that there are good reasons to see stakeholder theory as creating more accountability from managers, as they have more obligations and duties of care to more constituencies, and are therefore less likely to engage in self-dealing.

METHODOLOGY

This study used a survey design in which data from respondents were collected using questionnaire administration. The area of study for this study is Dangote Cement Obanjana, Adavi Local Government, Kogi State with focus on philanthropic activities and ethical activities of Dangote cement Obajana. The population of this study is made up of 117 selected employee of Dangote cement company Obajana, Kogi State, Nigeria. The sample size was obtained through census sampling. This was done because of the small population of respondents in the study area.

The data for this study were collected mainly using questionnaires. Construct validity was achieved by linking the items in the measuring instruments to the theoretical components of the research topic after face validity was carried out by the research supervisor. The data that was gathered for this study was analyzed using descriptive statistical tools of table, frequency, percentage and inferential statistical tools of Partial Least Squares Structural Equation Modeling (PLS-SEM). The model for the multiple regression analysis is specified below.

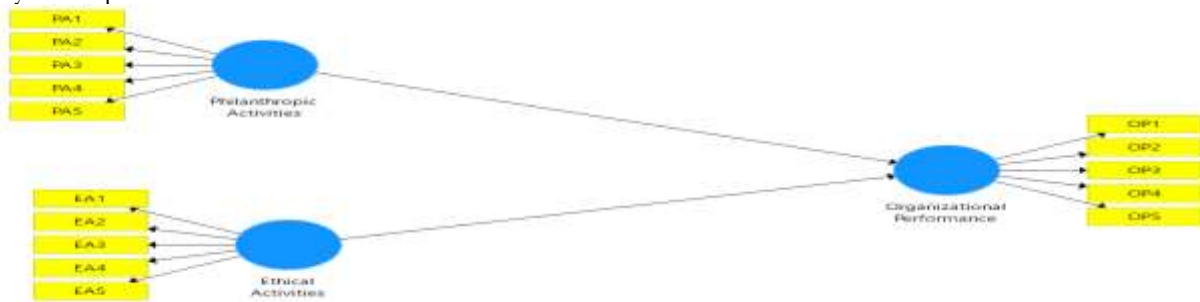


Fig.1: Structural Equation Model of the “Effect of Corporate Social Responsibility on Organizational Performance in Dangote cement company Obanjana, Kogi State”.

RESULTS AND DISCUSSION

Out of the one hundred and seventeen (117) distributed questionnaires, 114 were properly filled and returned giving a response rate of 97%. Subsequently, all further analyses were done using 114 responses data.

Table 4.1: Descriptive Statistics

variable	Mean	Median	Min	Max	SDV	Kurtosis	Skewness
PA	4.7	5.00	1.00	5.00	0.96	-1.59	-0.09
EA	4.07	4.44	1.00	5.00	0.97	0.90	-0.98
OP	4.50	5.00	1.00	5.00	0.89	0.20	-0.68

Source: SMART, PLS Output, 2024.

Data on the study variables were described in Table 4.1 above in terms of the mean, minimum, maximum, standard deviation, skewness and kurtosis values. Philanthropic activities (PA) revealed an average value of 4.7 with a standard deviation value of 0.96. However, the minimum and maximum values stood at 1 and 5 respectively. Ethical activities (EA) had minimum and maximum values of 1 and 5 respectively however, it showed an average of 4.07 along with a standard deviation of 0.97. Furthermore, organisational performance (OP) showed a minimum value of 1 and a maximum value of 5 with an average value of 4.50 accompanied with a standard deviation value of 0.89. All the skewness and kurtosis values were less than 1 which shows that there is a normal distribution of data.

Assessment of Measurement Model

In assessing the measurement model, the researcher began by assessing the item outer loadings. As a rule, loadings above 0.708 are recommended, as they indicate that the construct explains more than 50 percent of the indicator’s variance, thus providing acceptable item reliability (Hair, et al., 2019). However, Hair, et al., (2019) posited that low but significant indicator loading of 0.50 can be included hence justifying why indicators with loadings less than 0.708 and above 0.50 were not deleted from the model as seen in figure 2 below.

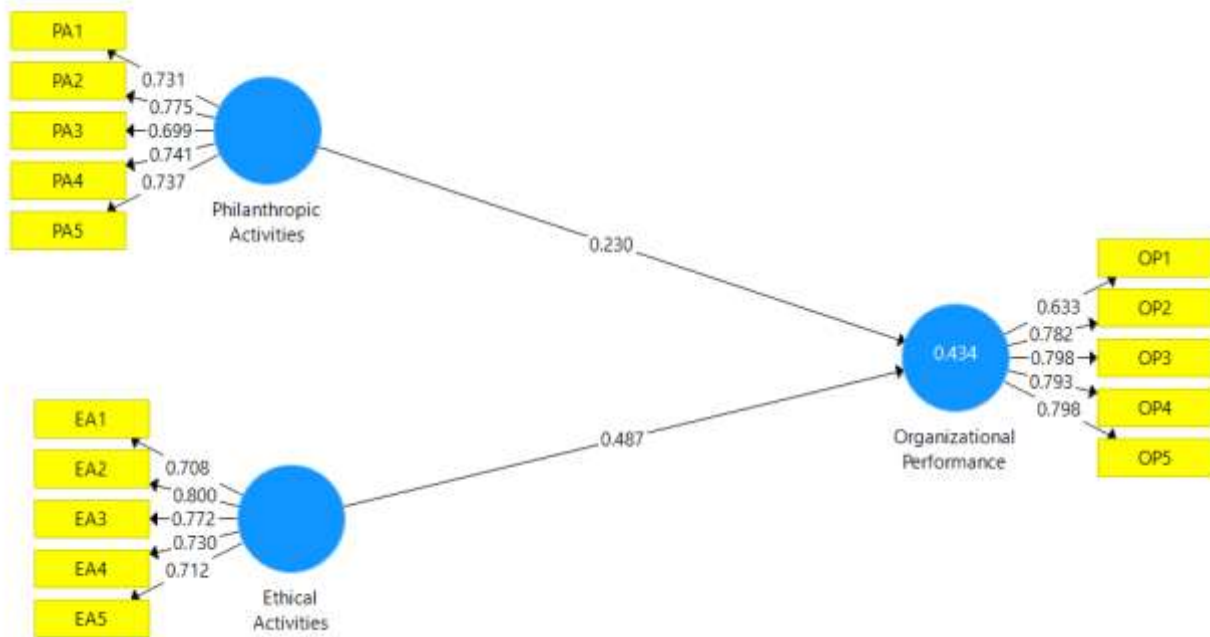


Fig 2: Indicator Loadings

Table 4.2: Reliability of study scale

S/N	Variables		Factor Loadings	Cronbach Alpha	Composite Reliability	Average Variance Extracted (AVE)	No of Items
1	Philanthropic Activities (LS)	PA1 PA2 PA3 PA4 PA5	0.731 0.775 0.699 0.741 0.737	0.790	0.856	0.543	5
2	Ethical Activities (EA)	EA1 EA2 EA3 EA4 EA5	0.708 0.800 0.772 0.730 0.712	0.799	0.862	0.556	5
3	Organizational Performance (OP)	OP1 OP2 OP3 OP4 OP5	0.633 0.782 0.789 0.793 0.798	0.819	0.874	0.583	5

Source: SmartPLS Output, 2024

Composite reliability of Jöreskog’s (1971) was applied to test for internal consistency of the study. All the values fall within the Hair, et al., (2019) rating of good consistency. The Cronbach alpha value were above 0.60 which is the minimum threshold as recommended by Sekaran (2010). To test for the convergent validity, the average variance extracted (AVE) was used. All the latent variables showed values greater than 0.50 which indicates that the constructs explain at least 50 percent of the variance of its items. According to Henseler, et al., (2015) the Fornell-Larcker criterion does not perform well when explaining discriminant validity, particularly when the indicator loadings on a construct differ only slightly. As a replacement, they proposed the Heterotrait-Monotrait (HTMT) ratio of the correlations which is the mean value of the item correlations across constructs relative to the (geometric) mean of the average correlations for the items measuring the same construct (Voorhees et al., 2016). Discriminant validity problems are present when HTMT values are high than 0.90 for structural models (Henseler, et al., 2015).

Heterotrait-Monotrait Ratio (HTMT)

	PA	EA	OP
PA	1.000		
EA	0.056	1.000	
OP	0.075	0.432	1.000

Source: SmartPLS Output, 2024

The variance inflation factor (VIF) was used to evaluate collinearity of the formative indicators. All the VIF values were less than 5 indicate the absence of critical collinearity issues among the indicators of formatively measured constructs (Hair, et al., 2019).

Model Goodness of Fit (GoF)

Sequel to the need to validate the PLS model, there is a need to assess the goodness of fit of the model as Hair, et al. (2017) suggested. This study used the standardised root mean square residual’s (SRMR). The choice of this index was based on the fact that the SRMR provides the absolute fit measure where a value of zero indicates a perfect fit. The study adopted Hu & Bentler (1998) suggestion that a value of less than 0.08 represents a good fit while applying SRMR for model goodness of fit. The study result indicates an SRMR value of 0.030. This indicates the model is fit.

Assessing the Structural Model

Having satisfied the measurement model assessment, the next step in evaluating PLS-SEM results is to assess the structural model. Standard assessment criteria, which was considered include the path coefficient, t-values, p-values and coefficient of determination (R^2). The bootstrapping procedure was conducted using a resample of 5000.

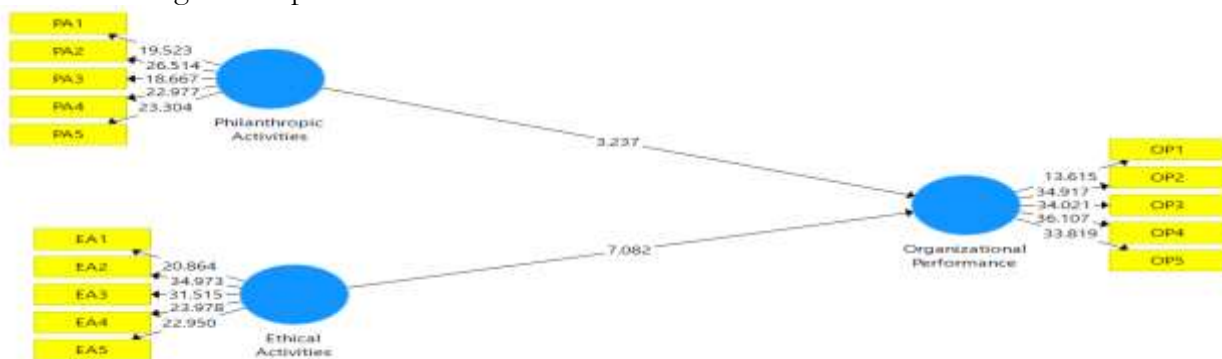


Fig. 3: Path Coefficients of the Regression Model.

R Square Table

	R Square	R Square Adjusted
Organizational Performance	0.434	0.431

Source: SmartPLS Output, 2024

The R-square value stood at 43% indicating that corporate social responsibility CSR proxied by philanthropic activities and ethical activities are responsible for 43% variation in organizational performance. The remaining 57% variation could be explained by other factors not included in the study. Based on Hair, et al., (2019), the r-square is considered moderate but does not jeopardize the result. The result of the path analysis is presented in the table below:

Table 4.4: Path Coefficients

Hypothesis	Variable	Path Coefficient ***(Beta)	t-value	p-value	Findings
Ho ₁	Philanthropic Activities-> Organizational Performance	0.230	3.237	0.000	Rejected
Ho ₂	Ethical Activities -> Organizational Performance	0.487	7.082	0.001	Rejected

Source: SmartPLS Output, 2024

The result from the analysis indicates that philanthropic activities have positive and significant effect on organizational performance. The decision was reached based on the t-value of 3.237 which is greater than 1.964 and a beta value of 0.230 with a p-value of 0.000. The positive effect implies that organizations that engage in charitable initiatives are likely to experience enhanced performance metrics, such as increased profitability, improved employee morale, and stronger brand reputation. This could encourage businesses to integrate social responsibility into their core strategies, viewing it not just as an ethical obligation but as a means to drive tangible benefits. This finding is in agreement with that of Carroll et al, (2018) who found philanthropic activities to be positive and significantly effect on performance.

The result from the analysis indicates that ethical activities have positive and significant effect on organization performance. The decision was reached based on the t-value of 7.082 which is greater than 1.964 and a beta value of 0.487 with a p-value of 0.001. This implies that integrity and ethical conduct in fostering a successful organizational environment. When organizations prioritize ethical practices, they are likely to build trust with stakeholders, including employees, customers, and investors. This trust can translate into enhanced loyalty, increased customer satisfaction, and a stronger overall reputation. This finding agrees with that of Lemma et al. (2022) who made similar findings about ethical activities and performance.

CONCLUSION AND RECOMMENDATIONS

It is concluded that businesses that actively engage in charitable initiatives not only contribute to their communities but also enhance their own operational success. By fostering goodwill, improving employee morale, and strengthening brand reputation, philanthropic efforts can serve as a strategic tool for organizations aiming to achieve sustainable growth. It is also concluded organizations that prioritize ethical practices not only enhance their reputation but also foster trust and loyalty among stakeholders. As a result, they are likely to experience improved employee engagement, customer satisfaction, and overall operational effectiveness. Based on the study's findings, it is recommended Organizations should create a structured approach to philanthropy that aligns with their mission and values. This strategy should focus on causes that resonate with both the organization and its stakeholders to ensure meaningful engagement. It is recommended organizations should develop a clear and comprehensive code of ethics that outlines expected behaviors and decision-making guidelines. This framework should be communicated effectively to all employees and integrated into training programs.

REFERENCES

Aquino, K., & Reed, A. II. (2017). The self-importance of moral identity. *Journal of Personality and Social Psychology, 83*(6), 1423–1440. <https://doi.org/10.1037/0022-3514.83.6.1423>

Barney, J. B., & Hesterly, W. S. (2019). *Strategic management and competitive advantage: Concepts and cases* (6th ed.). Pearson.

Beauchamp, T. L., & Bowie, N. E. (2017). *Ethical theory and business* (7th ed.). Pearson.

- Bhattacharya, C. B., Korschun, D., & Sen, S. (2017). Corporate social responsibility as a driver of consumer loyalty and reputation. *Journal of Business Research*, 80, 80-89. <https://doi.org/10.1016/j.jbusres.2017.06.023>
- Bonner, S., & Sprinkle, G. (2018). The effects of monetary incentives on effort and task performance: Theories, evidence, and a framework for research. *Accounting, Organizations and Society*, 27, 303-345. [https://doi.org/10.1016/S0361-3682\(01\)00052-6](https://doi.org/10.1016/S0361-3682(01)00052-6)
- Carroll, A. B. (1991). The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. *Business Horizons*, 34(4), 39-48. [https://doi.org/10.1016/0007-6813\(91\)90005-G](https://doi.org/10.1016/0007-6813(91)90005-G)
- Carroll, A. B. (2020). Corporate social responsibility: Evolution of a definitional construct. *Business & Society*, 38(3), 268-295. <https://doi.org/10.1177/000765039903800303>
- Carroll, A. B., & Buchholtz, A. K. (2018). *Business & society: Ethics and stakeholder management* (9th ed.). Cengage Learning.
- Carroll, A. B., & Shabana, K. M. (2021). The business case for corporate social responsibility: A review of concepts, research, and practice. *International Journal of Management Reviews*, 23(4), 449-473. <https://doi.org/10.1111/ijmr.12275>
- Chiagouris, L. (2016). Nonprofit brands come of age. *Marketing Management*, 15(5), 30-33.
- Cohen, J. (1969). *Statistical power analysis for the behavioral sciences*. Academic Press.
- Crane, A., Matten, D., & Spence, L. J. (2021). *Corporate social responsibility: A case study approach* (3rd ed.). Routledge.
- Deckop, J. R., & Cirka, C. C. (2000). The risk and reward of a double-edged sword: Effects of a merit pay program on intrinsic motivation. *Nonprofit and Voluntary Sector Quarterly*, 29(3), 400-418. <https://doi.org/10.1177/0899764000293003>
- European Commission. (2011). *A renewed EU strategy 2011-14 for corporate social responsibility* (COM(2011) 681 final). https://ec.europa.eu/commission/presscorner/detail/en/MEMO_11_730
- European Commission. (n.d.). *A renewed EU strategy 2011-14 for corporate social responsibility*. Retrieved from https://ec.europa.eu/commission/presscorner/detail/en/MEMO_11_730
- Garvin, D. A. (2016). Building a learning organization. *Harvard Business Review*, 74(5), 78-91. Retrieved from <https://hbr.org/1996/05/building-a-learning-organization>
- Harrison, J. S., & Wicks, A. C. (2018). *Managing for stakeholders: Survival, reputation, and success*. Yale University Press.
- International Organization for Standardization. (2019). *ISO 26000:2010 - Guidance on social responsibility*. <https://www.iso.org/iso-26000-social-responsibility.html>
- Ittner, C. D., & Larcker, D. F. (2019). Assessing the quality of performance measurement systems. *Accounting Review*, 94(2), 69-99. <https://doi.org/10.2308/accr-52264>
- Jones, T. M., & Wicks, A. C. (2023). Stakeholder theory and corporate social responsibility. *Academy of Management Perspectives*, 37(1), 45-60. <https://doi.org/10.5465/amp.2021.0015>
- Kaplan, R. S., & Norton, D. P. (2017). *The balanced scorecard: Translating strategy into action*. Harvard Business Review Press.
- Moir, L. (2015). What do we mean by corporate social responsibility? *Corporate Governance: The International Journal of Business in Society*, 15(2), 142-158. <https://doi.org/10.1108/CG-02-2014-0014>
- Moon, J., & Vogel, D. (2018). Corporate social responsibility and government: A comparative perspective. *Business & Society*, 57(2), 279-311. <https://doi.org/10.1177/0007650316633570>
- Morgeson, F. P., & Campion, M. A. (2023). *Work and organizational psychology: An introduction*. Wiley-Blackwell.
- Neely, A., Gregory, M., & Platts, K. (2015). Performance measurement system design: A literature review and research agenda. *International Journal of Operations & Production Management*, 15(4), 80-116. <https://doi.org/10.1108/01409170210424843>
- Richard, P. J., Devinney, T. M., Yip, G. S., & Johnson, G. (2020). Measuring organizational performance: Towards methodological best practice. *Journal of Management*, 26(1), 11-30. <https://doi.org/10.1177/014920630002600102>
- Schwartz, M. S., & Carroll, A. B. (2021). Corporate social responsibility: A three-domain approach. *Business & Society*, 60(5), 1067-1105. <https://doi.org/10.1177/0007650320907623>