

Slack Resources and Corporate Social Responsibility Link: Evidence from Manufacturing Firms in Nigeria

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Abstract: Extant empirical literature indicates little or no study on the extent of corporate social responsibility (CSR), using evidence from the Nigerian context and mixed study findings regarding slack resources and CSR relationship. Accordingly, this paper explores the extent of CSR activities by manufacturing firms in Nigeria and the effects of absorbed and unabsorbed slack resources on CSR. Using data set collected through content analysis of the 2017 and 2018 annual reports of 12 manufacturing firms in Nigeria and analyzing same by conducting one-sample Wilcoxon signed-rank test and regression analysis, we find that whereas the extent of CSR activities by the studied firms is low and insignificant, absorbed and unabsorbed slack resources have significant positive effects on CSR activities. These findings serve as a robust empirical basis for policymakers to insist on an improved level of CSR activities by manufacturing firms in Nigeria and for managers and regulators to understand the importance of slack organizational resources in CSR investment decision making.

Keywords: *Slack Resources, Corporate Social Responsibility, Slack Resources Theory*

Introduction

Organizations, whether public or private, need human and material resources to pursue their numerous goals (be it economic, social or environmental). Quite often, depending on the circumstances of the organization, these resources may be scarce. At times, the resources may either be sufficient or in excess supply. When they are in excess supply, they are said to be slack resources. Conceptually, slack resources could embrace such key areas as financial slack, tacit and specific human resource slack, etc. This can further be grouped into absorbed and unabsorbed slacks. Absorbed slack comprises those slack resources that have already been tied to the present operations but then could be gotten back with extra managerial determination and time (Vanacker, Collewaert & Zahra, 2017). Generally, whereas unabsorbed slack is often

exemplified by cash, accounts receivable, and human resources are regarded as good examples of absorbed slacks.

However, Mattingly and Olsen (2018) argue that investment in CSR and accumulation of slack corporate resources are business practices that can simply be adjudged contentious. This is because idle human and financial resources have many uses they can be put to. In fact, it is often dependent on the discretion of management and other uncontrollable institutional and environmental circumstances of the organization. Thus, the mere fact that slack resources have been accumulated does not necessarily mean they must be channelled to address CSR issues.

Whether or not the deployment of slack resources to address CSR issues is capable of

playing an important role in determining the value of a firm has continued to generate heated arguments among scholars. Whereas some have shown that expanding slack financial resources on CSR is corporate value-enhancing (Garg, 2016; Kang, Germann & Grewal, 2016; Mattingly & Olsen, 2018; Maqbool & Zameer, 2018), others have indicated that such expenditure on CSR is not only irrelevant in the determination of corporate value (see, example, Kim, and Oh, 2019), but value-deteriorating (Peng & Yang, 2014). Further, existing empirical evidence indicates mixed empirical findings, and thus inconclusive, regarding slack resources and CSR nexus. Specifically, while some found a positive relationship (Amato & Amato, 2011; Melo, 2012; Xu, Yang, Quan & Lu, 2015; Sayekti, 2017; Asamoah, 2019), others showed that slack financial resources are negatively associated with CSR (see, for example, Julian & Ofori-dankwa, 2013; Boso, Albert, Leonidou, Uddin, Adeola & Hultman, 2017; Sun & Gunia, 2018). These inconclusive findings have engendered rising studies on slack resources and CSR relationships.

Furthermore, existing literature indicates little or no empirical study on the extent of CSR activities using evidence from the Nigerian context (see, for example, Akanno, Che, Radda & Uzodinma, 2015; Igbekoyi, Alade & Oladele, 2019; Ibrahim & Abubakar, 2020). Consequently, this study adds to extant CSR literature by examining this relationship using evidence from Nigerian manufacturing firms. Specifically, the study examines the extent of CSR activities by manufacturing firms in Nigeria, the effect of absorbed slack resources on CSR and the effect of unabsorbed slack resources on CSR. The choice of manufacturing firms is predicated on the fact that archetypical to manufacturing industries is environmental pollution, with its attendant social tensions, which requires a great deal of responsibility by firms operating in the industry. As a result, CSR is expected to be part of its operational strategy to address these tensions.

The study found that: the extent of CSR activities by manufacturing firms in Nigeria is low and insignificant, and the absorbed and

unabsorbed slack resources are found to be significantly positively related to CSR. This study makes an empirical and theoretical contribution. First, by investigating the extent of CSR activities and the effects of absorbed and unabsorbed slack resources on CSR, using evidence from the Nigerian context, the study makes an empirical contribution to the extant literature on CSR. Second, the study contributes theoretically by further validating slack resources theory as a strong framework for either predicting or explaining the slack resources-CSR relationship.

We organize the remainder of this paper as follows. Section two presents the literature review and hypotheses development. Next, we discuss the methodology of the study. Thereafter, section four presents the study results. Finally, we offer the concluding remarks in section five, clearly highlighting the study implications and limitations.

Literature Review and Hypothesis Development

Corporate Social Responsibility and Slack Resources

The need for corporates to pursue their economic interests sustainably has continued to receive increasing attention from both the corporate players and researchers in recent years. Similarly and most importantly, the need for organizations to enhance their sustainability practices has continued to dominate not just the academic literature but the international media (Boso et al., 2017). This sustainable pursuit of economic interest requires companies to be socially and environmentally responsible while conducting their operations. As a result, the concept of CSR, which has as its critical components the social and environmental dimensions, is of vital importance and must be accorded the necessary attention it deserves if business entities must survive and grow. This has led companies to, according to Kanji and Chopra (2010), consider CSR as part of their operations through which it enthusiastically gives to the society in terms of environmental and social investments.

Conceptually, CSR is ambiguous and different scholars have regressed to provide an all-encompassing description that mirrors its basic character (Maqbool & Zameer, 2018). Moreover, not only has CSR been considered as referring to “actions which managers and organizations take to protect and improve the welfare of society along with business’s own interests” (Carroll, 2015, p. 90) and a philosophy that describes the company-stakeholder link (Maqbool & Zameer, 2018), it has the capability of promoting company’s competitive advantage (Kim & Oh, 2019) and improving a firm’s attractiveness (Maqbool & Zameer, 2018). According to Sahut, Peris-Ortiz, and Teulon (2019), a Green Paper issued by the European Commission has further described CSR as actions that permit corporations to not only meet their lawful duties but also to invest in the environment, in human capital, and in the consolidation of relationships with stakeholders. Specifically, CSR can either shield stakeholders from harm or enhance their interests (Mattingly & Olsen, 2018). From the foregoing, it would be observed that CSR is an eclectic concept that deals with such complex sub-concepts as employee, environment, community, and shareholder. As pointed out above, CSR has engaged the attention of many researchers, leading to rising empirical studies on it (see, for example, Amato & Amato, 2011; Julian and Ofori-dankwa, 2013; Peng & Yang, 2014; Akanno et al., 2015; Garg, 2016; Kang, Germann & Grewal, 2016; Boso et al., 2017; Mattingly & Olsen, 2018; Ayalew, 2018; Maqbool & Zameer, 2018; Kim, and Oh, 2019). Most of these studies have shown that CSR is linked to corporate performance (Garg, 2016; Kang, Germann & Grewal, 2016; Mattingly & Olsen, 2018; Maqbool & Zameer, 2018). Moreover, carrying out CSR activities inevitably involves pecuniary sacrifices by companies which may either be scarce or excess, leading to organizational financial slack if excess.

The concept of Organizational slack resource has received varied descriptions from many authors. Whereas Bourgeois (1981) describes it as a “cushion of actual or potential resources which allows an organization to adapt successfully to internal pressures for adjustment

or to external pressures for policy change, as well as to initiate changes in strategy with respect to the external environment” (p. 30), Nohria and Gulati (1996, p. 1246) define it as “the pool of resources in an organization that is in excess of the minimum necessary to produce a given level of organizational output”. These definitions indicate that while, for Bourgeois, slack resources empowers an organization to adjust to any pressure, whether within or outside, for a change or start strategic changes in response to environmental changes, Nohria and Gulati see it as an extra resource after the resources need to meet a certain level of output has been achieved. Further, organizational slack resources have also been described as resources that help to protect an organization against environmental unanticipated changes or shocks (Tan & Peng, 2003; George, 2005). Drawing on these definitions, organizational slack resources can be said to refer to the surplus resources of an organization that enable deployment of management discretion to respond to environmental pressure to effect changes. Thus, it should provide management with the necessary resources that would enable it to confront the numerous organizational challenges (Vanacker, Collewaert & Zahra, 2017).

Additionally, organizational slack resources can be grouped into absorbed and unabsorbed slacks (Bae, 2015; Bourgeois, 1981). While absorbed slack resources relate to a companies’ ongoing operation and are not easy to allocate to other activities, unabsorbed slack resources relate to resources that have not been allocated to a certain activity (Sayekti, 2017) and can easily be deployed by management. Unabsorbed organizational slack is more flexible to use than absorbed slack (Bae, 2015). As an example, cash, cash equivalents, securities and raw materials inventory are unabsorbed slack (Bae, 2015; Sayekti, 2017; Sun, Du & Ding, 2020), whereas excessive employees or facilities of companies are absorbed slack (Bae, 2015). Unabsorbed organizational slack resources permit firms to expand to activities that were previously difficult to perform, while absorbed organizational slack resources have improved the prospect that companies will use current

resources and decrease the search for unknown resources (Sun et al., 2020).

Organizational slack resources are utilized in carrying out strategic CSR activities (Sayekti, 2017). However, Mattingly and Olsen (2018) argue that investing organizational slack resources in CSR activities and their accumulation are both contentious business practices. This controversy may have resulted from the tendency for the management of organizations to channel the accumulated slacks to pursue other objectives radically distinct from CSR. But, study findings have indicated that slack resources are an important factor to consider in the management decision to engage in CSR activities (Amato & Amato, 2011; Melo, 2012; Xu, Yang, Quan & Lu, 2015; Sayekti, 2017; Asamoah, 2019). Yet other studies indicate that the converse is the case (Julian and Ofori-dankwa, 2013; Boso et al., 2017; Sun and Gunia, 2018). Moreover, slack resource theory “predicts that firms with high profits and/or large firm size may use a portion of their resources to support socially responsible outcomes” (Amato & Amato, 2011, p. 392). This suggests a positive relationship between slack organizational resources and CSR activities or investment. Accordingly, this study investigates this relationship using further evidence from Nigeria.

Hypothesis Development

Evidence from extant empirical literature indicates rising studies on CSR disclosure, determinants of CSR., the relationship between slack resources and CSR and the relationship between CSR and corporate performance (Amato & Amato, 2011; Julian & Ofori-dankwa, 2013; Peng & Yang, 2014; Akanno et al., 2015; Garg, 2016; Kang, Germann & Grewal, 2016; Boso et al., 2017; Mattingly & Olsen, 2018; Ayalew, 2018; Maqbool & Zameer, 2018; Kim & Oh, 2019; Melo, 2012; Xu, Yang, Quan & Lu, 2015; Sayekti, 2017; Oyewumi, Ogunmeru & Oboh, 2018; Asamoah, 2019; Igbekoyi et al., 2019). Very clearly, while some of these studies focussed on CSR and corporate performance nexus (Garg, 2016; Kang, Germann & Grewal, 2016; Oyewumi et al., 2018; Asamoah, 2019;

Mattingly & Olsen, 2018; Maqbool & Zameer, 2018), others concentrated on the relationship between slack resources and CSR (Amato & Amato, 2011; Melo, 2012; Julian & Ofori-dankwa, 2013; Xu, Yang, Quan & Lu, 2015; Sayekti, 2017; Sun & Gunia, 2018; Asamoah, 2019).

Also, another strand of the studies has focused on moderators or mediators in both the relations subsisting between slacks resources and CSR, corporate governance and CSR, and CSR and corporate performance (see Arora & Dharwadkar, 2011; Peng & Yang, 2014; Boso et al., 2017; Masud, Rashid, Khan, Bae, & Kim, 2019). Yet some concentrated on the determinants of CSR investments (Ayalew, 2018); CSR disclosure and the effect of CSR disclosure on corporate performance (Mohammed, Zakaree & Oladele, 2016; Oyewumi et al., 2018), and the extent of CSRCompliance (Akanno et al., 2015; Igbekoyi et al., 2019; Ibrahim & Abubakar, 2020). However, studies on the level of CSR activities and slack resources-CSR link will be reviewed in the paragraphs that follow since they closely relate to this investigation.

Akanno et al. (2015) investigated the patterns of corporate environmental and social disclosure using evidence from firms in Nigeria and found that the most disclosing firms are those from the banking industry, while the least disclosing are from insurance industries. Igbekoyi et al. (2019) explored the level of CSR compliance using evidence from manufacturing firms in Nigeria and showed that CSR compliance level is higher than that of non-compliance. They also indicated unstable engagement in CSR activities by the studied firms within the study period. Ibrahim and Abubakar (2020) analyzed the effect of CSR on the organizational image using evidence from food and beverage companies operating in Nigeria and indicated that CSR activities are an important factor in building organizational image.

From the reviewed studies, it can be observed that extant studies on CSR using evidence from Nigeria is sparse and unclear as to the extent of CSR activities by firms operating in

Nigeria and the manufacturing firms in particular. Consequently, we state the first hypothesis in null form:

H1: The extent of CSR activities by manufacturing firms in Nigeria is not significant.

Julian and Ofori-dankwa (2013) explored the relationship between financial resource availability and expenditures on corporate social responsibility using evidence from Ghana and showed that an increase in financial resource availability leads to decreased CSR. Similarly, Sun and Gunia (2018) examined the relationship between the availability of economic resources and concern for CSR and indicated that increases in the availability of economic resources reduce concerns for CSR, while decreases in them increase concerns for CSR.

Amato and Amato (2011) explored the relationship between Corporate Commitment to Global Quality of Life Issues and Industry Affiliations, Slack Resources and Multinational Headquarters and indicated that a significant positive relationship exists between Corporate Commitment to Global Quality of Life Issues and Industry Affiliations, Slack Resources and Multinational Headquarters. Sayekti (2017) investigated the impact Slack Resources has on CSR using evidence from listed companies in Indonesia and showed that whereas un-absorbed slacks positively affect CSR, absorbed slack does not affect it. Asamoah (2019) examined the relationship between CSR and corporate financial performance using evidence from Ghana and indicated that CSR has a positive relationship with financial performance and slack financial resources. Arora and Dharwadkar (2011) investigated the moderating effects of Attainment Discrepancy, Corporate Governance and Organization Slack and indicated, among others, that higher slack leads to higher positive CSR.

Boso et al. (2017) explored the relationship between financial resource slack and sustainability expenditure and showed, among others, that slack financial resources is negatively related to expenditure incurred on sustainability or CSR activities. Melo (2012) examined the relationship between slack resources and corporate social performance and found a

positive relationship among them. In a study to clarify the relationship between corporate social performance and slack organizational resources, Xu et al. (2015) showed that slack financial resources are positively associated with corporate social performance, using evidence from Chinese public companies.

Overall, the reviewed prior empirical studies indicate that whereas some of the studies found a positive relationship between corporate slack resources and CSR (Amato & Amato, 2011; Melo, 2012; Xu, Yang, Quan & Lu, 2015; Sayekti, 2017; Asamoah, 2019), others showed that slack resources are negatively associated with CSR (see, for example, Julian and Ofori-dankwa, 2013; Boso, Albert, Leonidou, Uddin, Adeola & Hultman, 2017; Sun & Gunia, 2018). These inconclusive or mixed study results suggest an unresolved research situation. As a result, the relation that subsists between corporate slack resources and CSR is still far from clear. Accordingly, we state, in null form, the hypotheses that follow.

H2: The extent of CSR activities is not significantly influenced by absorbed slack resources.

H3: The extent of CSR activities is not significantly affected by unabsorbed slack resources.

Methodology

Data and Measurement

To test the three hypotheses developed above, data set was collected from the 2017 and 2018 annual reports of 12 Nigerian manufacturing firms, selected based on the availability of these annual reports in their official website, using content analysis and other computations. The rationale for the choice of manufacturing firms is that environmental pollution is typical to them, with its attendant social tensions, which requires a great deal of responsibility by firms operating in the industry. As a result, CSR is expected to be part of its operational strategy to address these tensions.

Following Maqbool and Zameer (2018), Tan, Benni and Liani (2016), Dyduch and Krasodomska (2017), Giannarakis (2013), Connors and Gao (2011), Juhmani (2014), Nawaiseh (2015) and Gatimbu and Wabwire (2016), we conduct content analysis. The content analysis was based on the 32 CSR items (see appendix) adopted by Maqbool and Zameer (2018). The 32 CSR indicators are categorized by the authors on the basis of such four broad CSR activity categories as community, environment, workplace and diverse. Consistent with Maqbool and Zameer (2018), any CSR item disclosed in the annual report was scored 1 or 0 if not disclosed. Following the authors, the CSR scores were computed by applying the formula that follows.

$$\text{CSR Score} = \frac{\text{Total number of CSR items that appear in the annual reports of a firm}}{\text{Maximum number CSR items which should appear in the annual reports}} \times 100\%$$

The data set collected on CSR absorbed Slack, unabsorbed Slack and total assets variables were tested for normality by conducting Kolmogorov and Smirnov and Shapiro Wilk Tests. Table 1 presents the results of the test. From this table, it can be seen that the p-values of these variables are 0.010, 0.000, 0.000 and 0.000 using the Shapiro-Wilk test. This indicates that these variables are not normally distributed. Consequently, to test hypothesis one, a one-sample Wilcoxon Signed Rank Test, a non-parametric test, was conducted at a 5% level of significance.

Table 1. Test of Normality

	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
Corporate Social Responsibility	0.162	24	0.106	0.884	24	0.010
Absorbed Slack	0.252	24	0.000	0.731	24	0.000
Unabsorbed Slack	0.276	24	0.000	0.666	24	0.000
Total Assets	0.256	24	0.000	0.630	24	0.000

Source: Authors' Compilation from SPSS output

Several measures of slack resources have been employed by prior studies (see, for example, Amato and Amato, 2011; Arora & Dharwadkar, 2011; Sayekti, 2017; Mattingly & Olsen, 2018; Asamoah, 2019). Whereas Mattingly and Olsen (2018) measured available slack resources with cash ratio and absorbed slack with the sum of selling, administrative, general expense, notes payable and long-term debt divided by total assets, Amato and Amato (2011) proxied slack resources with return on assets. Additionally, Sayekti (2017) employed cash and cash equivalent to measuring unabsorbed slack resources and sales, general, and administrative expenses for absorbed slack resources, while Arora and Dharwadkar (2011) proxied organization slack using cash and account receivables and debt-to-equity ratio, with the former representing available slack and the later

the potential slack. Following Mattingly and Olsen (2018) and Sayekti (2017), we measure absorbed slack resources with the sum of selling, administrative, general expense. Consistent with Sayekti (2017), unabsorbed slack resources is measured with cash and cash equivalent. Our choice of these measures is predicated on the fact that they closely represent available resources at the disposal of management for commitment based on their discretion.

In addition, CSR is proxied with CSR Score computed based on content analysis of the annual reports of the 12 target manufacturing firms studied as outlined above. Moreover, we controlled for the size of the firms with the log of total assets, following Sayekti (2017). Similarly, we compute the log of the proxies of the slack resources to ensure non-violation of normality

assumption following and Arora and Dharwadkar (2011) and Sayekti (2017).

Model Specification

We specify the model for the study mathematically as follows:
 $CSR = f(AS, UAS, TA)$ ----- (1)

Equation 1 is transformed as follows:
 $CSR = a_1 + a_2AS + a_3UAS + a_4TA$ ----- (2)

Equation 2 is further transformed econometrically as follows:
 $CSR = a_1 + a_2AS + a_3UAS + a_4TA + U$ ----- (3)

Where:
 CSR = Corporate Social Responsibility
 AS = Absorbed Slack
 UAS = Unabsorbed Slack
 TA = Total Asset
 U = The Error term
 a₁ = The intercept
 a₂, a₃, and a₄ = The coefficients of the independent variables.

Following prior empirical findings by Amato & Amato (2011), Melo (2012), Xu et al. (2015), Sayekti (2017) and Asamoah (2019) that slack resources are positively related to CSR, and slack resource theory that predicts a positive relationship among these variables, we expect the coefficients of absorbed and unabsorbed slacks (a₂ and a₃) to be positive.

Results

Descriptive analysis

Table 2 reports the results of the descriptive analysis conducted. From this table, it will be seen that the average level of CSR activities of the 12 manufacturing firms studied is almost 46%, which is below average. This suggests that the level of CSR activities by manufacturing firms in Nigeria is low. Table 2 also displays the average of absorbed slacks, unabsorbed slacks and total assets as being about 32, 27, and 343 billion naira, respectively.

Table 2. Descriptive Statistics

	Minimum	Maximum	Mean	Standard Deviation
Corporate Social Responsibility (%)	25	68.75	45.7933	15.5325
Absorbed slack (₦' Billion)	1.490922	155.097000	32.385080.5	40.060192.1
Unabsorbed Slack(₦' Billion)	1.148616	161.755000	27.323153.6	37.982947.4
Total Assets(₦' Billion)	24.648676	1694.463000	342.874790	443.010093

Source: Authors' Compilation from SPSS output

Inferential analysis

Table 3 reports the results of the regression analysis conducted. Specifically, the table presents the test statistic and its corresponding p-value. From this table, it will be seen that the test statistics -1.287, which is negative and

insignificant at a 5 per cent level of significance. This finding supports hypothesis one that the extent of CSR activities by manufacturing firms in Nigeria is not significant. This suggests that, in line with the descriptive statistic, the level of CSR activity by manufacturing firms in Nigeria is low

Table 3. One sample Wilcoxon signed-rank test

	Corporate social responsibility
Test Statistic	-1.287
Sig. (2-tailed)	0.198

Source: Authors' Compilation from SPSS output

Table 4 reports the results of the regression analysis conducted. Specifically, the table presents both the coefficients of the independent variables (absorbed Slack, unabsorbed Slack and total assets) and their corresponding p-values. From this table, it will be seen that the coefficient of absorbed slack variable is 0.172, which is positive and significant at a 5 per cent level of significance. This finding is not consistent with hypothesis 2, which states that the extent of CSR activities is not significantly influenced by absorbed slack resources. However, the finding suggests that an increase in

the level of absorbed slack resources leads to an increase in the level of CSR activities of the manufacturing firms studied. Also, from table 4, it can be seen that the coefficient of unabsorbed slack variable is 0.121, which is also positive and significant at a 5 per cent level of significance. This finding is not consistent with hypothesis 3, which states that the extent of CSR activities is not significantly affected by unabsorbed slack resources. This finding further suggests that an increase in the level of unabsorbed slack resources leads to an increase in the level of CSR activities of the manufacturing firms studied.

Table 4. Results of Regression Analysis

Dependent Variable	CSR	
	Coefficient.	P-Values
Absorbed Slack	0.172	0.039
Unabsorbed Slack	0.121	0.028
Total Assets	-0.159	0.097
R-Squared	0.421	
F-Value	4.854	
Sig.	0.011	

Source: Authors' Compilation from SPSS output

Overall, these results, while aligning with a priori expectation, suggest that organizational slack resource has a significant positive effect on the level of CSR activities of the manufacturing firms in Nigeria. This further suggests that slack resource is an important factor to consider in the decision to engage in CSR activities. This finding is consistent with the findings of prior studies (see, for example, Amato & Amato, 2011; Melo, 2012; Xu, Yang, Quan & Lu, 2015; Sayekti, 2017; Asamoah, 2019) that slack organizational resources are positively related to CSR. The result further validates slack resource theory, which, according to Amato and Amato (2011), "predicts that firms with high profits and/or large firm size may use a portion of their resources to support socially responsible outcomes" (p. 392). This is because high profit may indicate the availability of resources considered as slacks.

On the contrary, the coefficient of size, the control variable, proxied with the natural logarithm of total assets, is -0.159, which is

negative and insignificant at a 5 per cent level of significance. This suggests that the size of the studied firms is not an important factor regarding the decision to embark on CSR activities using firms' resources. The negative relationship found between size and CSR is consistent with the finding of Melo (2012) that the size of a firm is negatively related to CSR.

Robustness check

We conduct robustness check by deploying cash and cash equivalents divided by total assets as a proxy for financial slack resource or unabsorbed slack following Vanacker, Collewaert and Paeleman (2013), and the sum of selling, administrative and general expense scaled by total assets as a proxy for absorbed slacks following Mattingly and Olsen (2018). The result of the model re-estimation using these proxies of slacks is reported in table 5.

From this table, it will be seen that the coefficients of absorbed and unabsorbed slack

variables are 0.172 and 0.121, respectively, which are positive and significant at a 5 per cent level of significance. The table also indicates that the coefficients of total assets (a proxy for size), the control variable, is 0.134, which is positive and significant at a 5 per cent level of significance. This finding supports slack resource theory that predicts size as a factor that may influence the management decision to deploy a firm's resources to support the CSR activities of

that firm, suggesting this theory as robust enough to explain the size-CSR activities relationship. However, this positive and significant finding regarding the control variable differs from the result reported in Table 4. Aside from this difference, the study result reported in table 5 is consistent with that reported in table 4, suggesting a strong finding that both absorbed and unabsorbed slacks are significantly positively related to CSR.

Table 5. Results of Regression Analysis

Dependent Variable	CSR	
	Coefficient.	P-Values
Absorbed Slack	0.172	0.039
Unabsorbed Slack	0.121	0.028
Total Assets	0.134	0.049
R-Squared		0.421
F-Value		4.854
Sig.		0.011

Source: Authors' Compilation from SPSS output

Conclusion

The study explores the extent of CSR activities by manufacturing firms in Nigeria and the effects of absorbed and unabsorbed slack resources on CSR, and thus, extends extant literature on slack resources and CSR relationship. Specifically, the study finds the extent of CSR activities by manufacturing firms in Nigeria to be low and insignificant, an indication that Nigerian manufacturing firms are not doing enough to be socially and environmentally responsible. Further, absorbed and unabsorbed slack resources are found to be significantly positively related to CSR, suggesting the importance of slack organizational resources in the management decision to engage in CSR activities.

This paper has three practical implications. First, the finding that the extent of CSR activities by manufacturing firms in Nigeria is low and insignificant provides invaluable insight for the management of manufacturing firms in Nigeria. Thus, it could spur them to be more socially and environmentally responsible as they pursue their firms' economic interests.

Second, this same result also provides insights and a robust basis for regulators and policymakers to insist on improved CSR activities by the manufacturing firms operating in Nigeria. Third and finally, the result that absorbed and unabsorbed slack resources are significantly and positively related to CSR provides an understanding for management to treat the availability of organizational slack resources as an important factor to consider in the CSR decision making process.

The study is limited in two ways and thus, makes generalizability difficult. First, this study focused on 2017 and 2018 annual reports and a sample size of 12 manufacturing firms. Consequently, future empirical studies should increase the number of years to at least 5 and the number of firms to above 20 to enable a better longitudinal and cross-sectional understanding of the pattern of CSR activities of manufacturing firms in Nigeria. Second, the study focused on manufacturing firms in Nigeria. Future studies should extend this study by including firms from such other industries as banking, insurance and telecommunication.

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Appendix: Corporate Social Responsibility Indicators (items)

S/N	VARIABLES
	COMMUNITY INVOLVEMENT
1	Opening up or contributing towards educational institutions
2	Aid to flood/drought/disaster victims
3	Construction and maintenance of roads.
4	Contribution for the promotion of art, culture, and sports.
5	Provision of drinking water facilities
6	Contribution towards health care
7	Construction of temples, community halls, packs, and so on
8	Promotion of rural income generation schemes
	ENVIRONMENTAL CONTRIBUTION :
1	Certified under ISO14000 series
2	Going for land reclamation and afforestation
3	Installed effluent treatment plant
4	Going for rain harvesting programmes
5	Recycling of pollutants and wastes
6	Engaged in ecofriendly products/process
7	Efficiency in paper usage
8	Power saving / energy conservation
	WORK PLACE:
1	Providing better working environment to the employees
2	Retirement fund benefit plans, i.e., gratuity, provident fund
3	Proper safety measures for accident -prone activities
4	Frequent training/ development programmes for employees
5	Spending for the welfare of the employees
6	Providing medical facilities to the employees
7	Profit sharing /share ownership programmes for employees
8	Women harassment at the workplace
	DIVERSE
1	Redress of grievance of workers/shareholders/employess
2	No child labour in employment
3	Different training programmes for empowerment of youth
4	Welfare activities for SC/ST/disabled persons
5	Providing agricultural guidance/schemes
6	Financial inclusion schemes
7	Setting of orphanage home
8	Better customer service/customer guidance/after sales service

Source:Maqbool and Zameer (2018, pp. 91-92).