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CORPORATE SOCIAL RESPONSIBILITY AND FINANCIAL PERFORMANCE IN NIGERIA: THE MEDIATING ROLE OF STAKEHOLDER INFLUENCE CAPACITY

By

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Universiti Utara Malaysia

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KAMARUDDIN YUSUF IBRAHIM
(candidate for the degree of)

DOCTOR OF PHILOSOPHY

CORPORATE SOCIAL RESPONSIBILITY AND FINANCIAL PERFORMANCE IN NIGERIA: THE MEDIATING ROLE OF STAKEHOLDER INFLUENCE CAPACITY

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Abstract

Previous studies showed that the level of corporate social responsibility (CSR) disclosure in Nigeria is low and the relationship between CSR and financial performance is inconclusive. Therefore, this study examines the mediating role of stakeholder influence capacity (SIC) in the relationship between (CSR) dimensions (community, employee, investor, customer and supplier relations and environmental concern) and financial performance of listed firms in Nigeria. SIC uses as a mediating role since consistent CSR creates SIC and accumulated stock of SIC will increase the performance of company. Data was collected from the senior management officers at the head office of sampled Nigerian listed firms using a cross-sectional study design. The study utilizes a stratified random sampling technique to select 130 responding firms and questionnaires were distributed and collected based on a single questionnaire per firm. The study collected 99 questionnaires through personal administration method. Partial least square structural equation modelling was used to test the study hypotheses. The study finds that employee, investor and customer relations are important factors for the financial performance of Nigerian listed firms. The findings revealed also that firms' stakeholder influence capacity depend on the degree of community, employee, investor and supplier relations, and an environmental concern of the firm. Interestingly, the result further shows that with a better stakeholder influence capacity stock, community, employee, investor and supplier relations, and environmental concern influences financial performance of Nigerian firms. The results of the study provide significant input to Nigerian listed firms, policy makers and researchers that SIC stock could improves the performance of company. The Nigerian listed firms should emphasize on all corporate social responsibility dimensions in order to boost their financial performance. Policy makers should encourage Nigerian listed firms to invest in corporate social responsibility activities for a better profitability.

Keywords: corporate social responsibility, stakeholder influence capacity, community, employee.
Abstrak


Kata kunci: tanggungjawab sosial korporat, kapasiti pengaruh pihak berkepentingan, komuniti, pekerja.
Acknowledgement

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<td>AMOS</td>
<td>Analysis of Moment Structures</td>
</tr>
<tr>
<td>ANCOVA</td>
<td>Analysis of Covariance</td>
</tr>
<tr>
<td>AVE</td>
<td>Average Variance Extracted</td>
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<tr>
<td>BSR</td>
<td>Business for Social Responsibility</td>
</tr>
<tr>
<td>CAP-EXP</td>
<td>Capital Expenditure</td>
</tr>
<tr>
<td>CBN</td>
<td>Central Bank of Nigeria</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>CFI</td>
<td>Comparative Fit Index</td>
</tr>
<tr>
<td>CFO</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>CFP</td>
<td>Corporate Financial performance</td>
</tr>
<tr>
<td>CIA</td>
<td>Central Intelligence Agency</td>
</tr>
<tr>
<td>COI</td>
<td>French Organisational Change and Computerization</td>
</tr>
<tr>
<td>COM</td>
<td>Community Relation</td>
</tr>
<tr>
<td>COM-VAL</td>
<td>Company Market Value</td>
</tr>
<tr>
<td>CRE</td>
<td>Customer Relation</td>
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<tr>
<td>CSID</td>
<td>Canadian Social Investment Database</td>
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<td>CSP</td>
<td>Corporate Social Performance</td>
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<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
</tr>
<tr>
<td>CSR-D</td>
<td>Corporate Social Responsibility Disclosure</td>
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<tr>
<td>DSR</td>
<td>Discretionary Social Responsibility</td>
</tr>
<tr>
<td>EBITDA</td>
<td>Earnings Before Interest, Taxes, Depreciation and Amortisation</td>
</tr>
<tr>
<td>EC</td>
<td>European Commission</td>
</tr>
<tr>
<td>EMP</td>
<td>Employee Relation</td>
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<td>ENV</td>
<td>Environmental Concern</td>
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<tr>
<td>EPS</td>
<td>Earnings Per Share</td>
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<td>ERIS</td>
<td>Ethical Investment Research Services</td>
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<td>FCI</td>
<td>Foreign Capital Inflow</td>
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<td>FCO</td>
<td>Foreign capital Outflow</td>
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<td>FEFA</td>
<td>Federal Environmental Protection Agency</td>
</tr>
<tr>
<td>FP</td>
<td>Financial Performance</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>Information and Communication Technology</td>
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<td>Incremental Fit Index</td>
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<td>INR</td>
<td>Investor Relation</td>
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<td>JIT</td>
<td>Just in Time</td>
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<td>KLD Index</td>
<td>Kinder Lydernberg Domini Index</td>
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<tr>
<td>MLB</td>
<td>Major League Baseball</td>
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<td>NAFDAC</td>
<td>National Agency for Food and Drug Administration and Control</td>
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<td>NEEDS</td>
<td>National Economic Empowerment Development Strategy</td>
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<td>Acronym</td>
<td>Term or Organisation</td>
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<td>NFI</td>
<td>Normed Fit Index</td>
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<td>NFL</td>
<td>National Football League</td>
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<td>NGO</td>
<td>Non-Governmental Organisation</td>
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<tr>
<td>NON-OR CSR</td>
<td>Non Operations Related CSR</td>
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<tr>
<td>NOP</td>
<td>Net Operating Profit</td>
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<td>NOPAT</td>
<td>Net Operating Profit After Tax</td>
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<td>NPC</td>
<td>National Planning Commission</td>
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<td>NPM</td>
<td>Net Profit Margin</td>
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<td>NSE</td>
<td>Nigerian Stock Exchange</td>
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<td>OR CSR</td>
<td>Operations Related CSR</td>
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<tr>
<td>PAT</td>
<td>Profit After Tax</td>
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<tr>
<td>PBT</td>
<td>Profit Before Tax</td>
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<tr>
<td>PE RATIO</td>
<td>Price Earnings Ratio</td>
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<td>PLS</td>
<td>Partial Least Square</td>
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<td>PPE</td>
<td>Profit Per Employee</td>
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<tr>
<td>RMSD</td>
<td>Root Mean Squared Deviation</td>
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<td>RMSEA</td>
<td>Root Mean Squared Error Average</td>
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<td>ROA</td>
<td>Return on Assets</td>
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<td>SIC</td>
<td>Stakeholder Influence Capacity</td>
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<td>SME</td>
<td>Small and Medium scale Enterprises</td>
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<td>Standard Organisation of Nigeria</td>
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<td>Supplier Relation</td>
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<td>Tucker-Lewis Index</td>
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<tr>
<td>TQM</td>
<td>Total Quality Management</td>
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<tr>
<td>UNIDO</td>
<td>United Nation Industrial Development Organisation</td>
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<tr>
<td>VIF</td>
<td>Variance Inflated factor</td>
</tr>
<tr>
<td>WAPCO</td>
<td>West African Portland Cement PLC</td>
</tr>
<tr>
<td>WBCSD</td>
<td>World Business Council for Sustainable Development</td>
</tr>
</tbody>
</table>
CHAPTER ONE
INTRODUCTION

1.1 Background of the Study

The concept of corporate social responsibility (CSR) has continued to receive global recognition due to its impact in creating competitive advantage and high business performance. The need to achieve higher corporate performance has encouraged companies to provide more information on their CSR activities. For example, GreenBiz (2013) indicated that out of the 250 world largest corporations, 93% of those companies’ published CSR reports in 2013 as against 71% of these firms in 2008. Additionally, more companies are engaging in voluntary activities that are likely to minimize their negative impact on both the society and the environment (White, 2012). This development is because firms are not only interested in subscribing to best business practices but are also under intense external pressure from stakeholders to comply with regulatory provisions concerning CSR activities.

Additionally, the huge decline in the profitability of some world leading business organisations such as Neiman Marcus Group Ltd and Staples Inc., had further encourage businesses to embark on CSR activities. For example, Neiman Marcus Ltd reported a decline of profit from USD 19.8 million to USD3.8 million within the period of 2015 to the first quarter of 2016 alone (Wall Street Journal [WSJ], 2016). Similarly, Staples Inc. reported a profit declined from USD59 million to USD41 million (Jamerson, 2016). Furthermore, a similar development was reported about Nigeria, where a number of firms experienced a series of decline in their profitability.
The contents of the thesis is for internal user only
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286


287


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Appendix A

Research Questionnaire

SURVEY ON PERCEPTION OF CORPORATE SOCIAL RESPONSIBILITY, STAKEHOLDER INFLUENCE CAPACITY AND FINANCIAL PERFORMANCE

Dear Sir/Madam

I am a postgraduate student of University Utara Malaysia, and currently conducting a survey on management’s perception of the role of stakeholder influence capacity on the relationship between corporate social responsibility and financial performance of Nigerian listed firms.

It is part of the requirements for the award of PhD Degree for students to conduct a field research in his/her approved area of his/her study.

I therefore solicit for your precious time, to kindly help and complete this questionnaire as stated and required, please note that your responses will be treated with utmost confidentiality and would be used purely for academic purposes and not for any other reason whatsoever. I highly appreciate your co-operations.

In all the questions you are required to either tick or circle the option that best represents your opinion. There is no right or wrong answer. Therefore, we would appreciate your honest and complete response to help me capture and reflect your views in the final analysis.

The questionnaire is divided into 4 sections. You are kindly requested to answer the questions in all the sections. You are kindly required to tick [✓] or circle your responses to all the statements in each of the sections.
Thanking you in anticipation of your response.

Yours sincerely,

Karaye Yusuf Ibrahim
(PhD. Student)
+60162974050
+2348137443805
karaye2000@gmail.com

Prof. Dr. Zuaini Ishak
(Main supervisor)
zuaini@uum.edu.my

Dr. Noriah Che-Adam
(Co supervisor)
noriah@uum.edu.my

Section One: Financial Performance

The following are statements about the level of your firm’s financial performance for last year. Please indicate the extent to which you agree or disagree with the statements based on the numerical scale provided.

<table>
<thead>
<tr>
<th>S/N</th>
<th>Statements</th>
<th>Level of Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Compared to our largest competitor, during last year.</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>2</td>
<td>We had a larger market share</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>3</td>
<td>We are larger in size</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>4</td>
<td>Our return on investment has been substantially better</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>5</td>
<td>Our return on assets has been substantially better</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>6</td>
<td>Our sales growth has been substantially better</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>7</td>
<td>On our overall performance during last year, we performed poorly</td>
<td>1 2 3 4 5 6 7</td>
</tr>
</tbody>
</table>

Section Two: Stakeholder Influence Capacity

The following statements assess how management perceive their ability in identifying opportunities to improve their relationship with stakeholders, acting on the opportunities and deriving profit from those opportunities for last year. Please indicate the extent to which you agree or disagree with the statements based on the provided numerical scale.

<table>
<thead>
<tr>
<th>S/N</th>
<th>Statements</th>
<th>Level of Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Compared to our largest competitor, during last year.</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>S/N</td>
<td>Statements</td>
<td>Level of Agreement</td>
</tr>
<tr>
<td>-----</td>
<td>-----------------------------------------------------------------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>1</td>
<td>Our employees regularly visit some of our stakeholders to find out if there is anything we could do to improve relationship</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>2</td>
<td>Our firm interact with stakeholders of other firms through informal ways to acquire information that can improve stakeholder relationship</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>3</td>
<td>Our firm periodically organizes special meetings with stakeholders in order to foster good relationship</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>4</td>
<td>Our firm regularly go extra mile such as meeting third party (auditors, consultants, lawyers etc.) to acquire knowledge about ways to improve relations with stakeholders</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>5</td>
<td>Our firm creates new opportunities to serve our stakeholders better are quickly understood</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>6</td>
<td>Our firm quickly analyze and interpret changes in stakeholder demand</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>7</td>
<td>Our firm record and store newly acquired knowledge on ways to improve stakeholder relations for future references</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>8</td>
<td>Our firm quickly recognizes the usefulness of new opportunities to existing opportunities to improve relations with stakeholders</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>9</td>
<td>Our firm management periodically meets to discuss consequences of stakeholder relations and new CSR initiatives</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>10</td>
<td>It is clearly known to our firm how to relate with our stakeholders for mutual benefit</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>11</td>
<td>Our firm clearly know and divide our stakeholder needs into sub divisions</td>
<td>1 2 3 4 5 6 7</td>
</tr>
</tbody>
</table>

**Section Three: Corporate Social Responsibility**

The following statements assess the perception of the management of your company, on the last year level of the firm’s involvement in corporate social responsibility activities. Please indicate the extent of your firm’s participation in corporate social responsibility based on the numerical scale provided below.
<table>
<thead>
<tr>
<th>S/N</th>
<th>Statements</th>
<th>Level of Involvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>We give money to charities in the communities where we operate</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>2</td>
<td>Help improve the quality of life in the communities where we operate</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>3</td>
<td>Financially support community activities (arts, culture, sports)</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>4</td>
<td>Financially support education in the communities where we operate</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>5</td>
<td>Incorporate environmental performance objectives in organizational plans</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>6</td>
<td>Voluntarily exceed government environmental regulations</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>7</td>
<td>Financially support environmental Initiatives</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>8</td>
<td>Measure the organization’s environmental Performance</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>9</td>
<td>Treat all employees fairly and respectfully, regardless of gender or ethnic background</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>10</td>
<td>Provide all employees with salaries that properly and fairly reward them for their work</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>11</td>
<td>Support all employees who want to pursue further education</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>12</td>
<td>Help all employees coordinate their private and professional lives</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>13</td>
<td>Incorporate the interests of all employees into business decisions</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>14</td>
<td>Incorporate the interests of all our investors into business decisions</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>15</td>
<td>Provide all investors with a competitive return on investment</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>16</td>
<td>Seek the input of all our investors regarding strategic decisions</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>17</td>
<td>Meet the needs and requests of all our investors</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>18</td>
<td>Provide all customers with very high quality service</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td></td>
<td>Provide all customers with the information needed to make sound purchasing decisions</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>---</td>
<td>---------------------------------------------------------------------------------------------------------------------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>20</td>
<td>Satisfy the complaints of all customers about the company’s products or services</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>21</td>
<td>Adapt products or services to enhance the level of customer satisfaction</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>22</td>
<td>Provide all suppliers of products and services with a commitment to a future relationship</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>23</td>
<td>Offer all suppliers of products and services some price guarantees for the future</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>24</td>
<td>Incorporate the interests of all suppliers of products and services into business decisions</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>25</td>
<td>Involve all suppliers in new product or service development</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>26</td>
<td>Inform all suppliers of products and services about organizational changes affecting purchasing decisions</td>
<td>1 2 3 4 5 6 7</td>
</tr>
</tbody>
</table>

**Section Four: Demographic Information**

A. On the organization:

Please tick (✓) in the appropriate box (for questions 1 and 2) and fill in the provided space (for questions 3, 4, 5, 6 and 7).

1. Industry type:
   1. Agriculture [ ]
   2. Conglomerates [ ]
   3. Construction/Real estate [ ]
   4. Consumer goods [ ]
   5. Financial services [ ]
   6. Healthcare [ ]
   7. ICT [ ]
   8. Industrial goods [ ]
   9. Natural resources [ ]
   10. Oil and Gas [ ]
   11. Services [ ]

2. Age of organization from date of incorporation:
   - Between 1 to 20 years [ ]
   - Between 21 to 50 years [ ]
   - Between 51 to 100 years [ ]
   - Above 100 years [ ]

3. Number of subsidiaries (if any) __________________________________________

4. Number of branches ______________________________________________________
5. Number of employees

6. Total assets of your organization

7. Total Debt of your organization

B. On individual respondents:
   Please tick (✓) in the appropriate box (for questions 1, 2, 3, 4 and 5) and fill in the provided space (for question 6).

1. Gender:
   Male [ ]
   Female [ ]

2. Age:
   Between 30 and below years [ ]
   Between 31 - 40 years [ ]
   Between 41 - 50 years [ ]
   Between 51 - 60 years [ ]
   Above 60 years [ ]

3. Level of education:
   Bachelor's degree / HND [ ]
   Master degree, PhD and other post graduate degree [ ]
   Professional certificate in addition to any of the above [ ]
   Others (please specify) [ ]

4. Duration of working in the firm:
   1 - 15 years [ ]
   16 - 30 years [ ]
   Above 30 years [ ]

5. Position in the organization:
   Middle level manager [ ]
   High level manager [ ]
   Director [ ]
   CEO [ ]
   Chairman [ ]

6. Department

Thanks for your response
Dear Sir/Madam

I am a postgraduate student of University Utara Malaysia, and currently conducting a survey for the purpose of developing a scale for stakeholder influence capacity (SIC). There are 3 sections as follows, 1 financial performance, 2 stakeholder influence capacity and 3 participating firm’s demographic information.

It is part of the requirements for the award of PhD Degree for students to conduct a field research in his/her approved area of his/her study which in my situation cannot be possible without developing a measurement scale for SIC.

I therefore solicit for your precious time, to kindly help and complete this questionnaire as stated and required, please note that your responses will be treated with utmost confidentiality and would be used purely for the purpose of scale development and not for any other reason what so ever. I highly appreciate your co-operations.

In all the questions you are required to either tick or circle the option that best represents your opinion. There is no right or wrong answer. Therefore, I would appreciate your honest and complete response to help me capture and reflect your views in the final analysis.
Thanking you in anticipation of your response.

Yours sincerely,

Karye Yusuf Ibrahim
(PhD. Student)
+60162974050
+2348137443805
karye2000@gmail.com

Prof. Dr. Zuaini Ishak
(Main supervisor)
zuaini@uum.edu.my

Dr. Noriah Che-Adam
(Co supervisor)
noriah@uum.edu.my

Section One: Financial Performance

The following are statements about the level of your firm’s financial performance for last year. Please indicate the extent to which you agree or disagree with the statements based on the numerical scale provided.

<table>
<thead>
<tr>
<th>Strongly disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>S/N</td>
<td>Statements</td>
<td>Level of Agreement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Compared to our largest competitor, during last year...</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>We had a larger market share</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>We are larger in size</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Our return on investment has been substantially better</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Our return on assets has been substantially better</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Our sales growth has been substantially better</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Our profit growth has been substantially better</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>On our overall performance during last year, we performed poorly relative to our competitors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Section Two: Stakeholder Influence Capacity

The following statements assess how management perceive their ability in identifying opportunities to improve their relationship with stakeholders, acting on the
opportunities and deriving profit from those opportunities for last year. Please indicate the extent to which you agree or disagree with the statements based on the provided numerical scale.

<table>
<thead>
<tr>
<th>S/N</th>
<th>Statements</th>
<th>Level of Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Our firm has frequent interactions (formal or informal) with various stakeholders to acquire information that can improve stakeholder relations</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>2</td>
<td>Our employees regularly visit some of our stakeholders to find out if there is anything we could do to improve relationship</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>3</td>
<td>Our firm interact with stakeholders of other firms through informal ways to acquire information that can improve stakeholder relationship</td>
<td>1 2 3 4 5 6 7</td>
</tr>
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<td>4</td>
<td>Our firm periodically organizes special meetings with stakeholders in order to foster good relationship</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>5</td>
<td>Our firm regularly go extra mile such as meeting third party (auditors, consultants, lawyers etc.) to acquire knowledge about ways to improve relations with stakeholders</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>6</td>
<td>Our firm is slow in recognizing a shift in our stakeholders need</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>7</td>
<td>Our firm creates new opportunities to serve our stakeholders better are quickly understood</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>8</td>
<td>Our firm quickly analyze and interpret changes in stakeholder demand</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>9</td>
<td>Our firm regularly considers the consequences of changing stakeholder demands in term of new CSR initiatives</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>10</td>
<td>Our firm record and store newly acquired knowledge on ways to improve stakeholder relations for future references</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>11</td>
<td>Our firm quickly recognizes the usefulness of new opportunities to existing opportunities to improve relations with stakeholders</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>12</td>
<td>Our firm hardly utilize the opportunities to improve stakeholder relationship</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Our firm laboriously grasp the opportunity to improve stakeholder relationship from new knowledge</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Our firm management periodically meets to discuss consequences of stakeholder relations and new CSR initiatives</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Our stakeholders accept our new CSR initiative as a result of our CSR history</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>It is clearly known to our firm how to relate with our stakeholders for mutual benefit</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Our firm clearly know and divide our stakeholder needs into sub divisions</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Our firm constantly consider how to better exploit stakeholder favor to our advantage</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Our CSR investment help us in stakeholder management and increased patronage</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Our firm experienced a good relationship with our stakeholders due to our CSR</td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Our development as a firm is as a result of our CSR history</td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Our growth is linked with the way we handle our stakeholders through our CSR initiatives</td>
<td></td>
</tr>
</tbody>
</table>

Section Three: Demographic Information

A On the organization:

Please tick (✓) in the appropriate box (for questions 1 and 2) and fill in the provided space (for questions 3, 4, 5, 6 and 7).

8. Industry type:

1 Agriculture [] 2 Conglomerates [] 3 Construction/Real estate [] 4 Consumer goods [] 5 Financial services [] 6 Healthcare [] 7 ICT [] 8 Industrial goods [] 9 Natural resources [] 10 Oil and Gas [] 11 Services []
9. Age of organization from date of incorporation:
   - Between 1 to 20 years [ ]
   - Between 21 to 50 years [ ]
   - Between 51 to 100 years [ ]
   - Above 100 years [ ]

10. Number of subsidiaries (if any) ______________________

11. Number of branches ______________________

12. Number of employees ______________________

13. Total assets of your organization ______________________

14. Total Debt of your organization ______________________

B On individual respondents:
Please tick (√) in the appropriate box (for questions 1, 2, 3, 4 and 5) and fill in the provided space (for question 6):

1. Gender:
   - Male [ ]
   - Female [ ]

2. Age:
   - Between 30 and below years [ ]
   - Between 31 - 40 years [ ]
   - Between 41 - 50 years [ ]
   - Between 51 - 60 years [ ]
   - Above 60 years [ ]

3. Level of education:
   - Bachelor's degree / HND [ ]
   - Master degree, PhD and other post graduate degree [ ]
   - Professional certificate in addition to any of the above [ ]
   - Others (please specify) ______________________

4. Duration of working in the firm:
   - 1 – 15 years [ ]
   - 16 – 30 years [ ]
   - Above 30 years [ ]

5. Position in the organization:
   - Middle level manager [ ]
   - High level manager [ ]
6. Department
**Appendix C**

**PLS-SEM Measurement Models**

**Appendix C1: Cronbach’s Alpha**

<table>
<thead>
<tr>
<th></th>
<th>Cronbach's Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>COM</td>
<td>0.923208</td>
</tr>
<tr>
<td>CRE</td>
<td>0.933031</td>
</tr>
<tr>
<td>EMP</td>
<td>0.889528</td>
</tr>
<tr>
<td>ENV</td>
<td>0.844093</td>
</tr>
<tr>
<td>FP</td>
<td>0.947783</td>
</tr>
<tr>
<td>INR</td>
<td>0.834016</td>
</tr>
<tr>
<td>SIC</td>
<td>0.961280</td>
</tr>
<tr>
<td>SUR</td>
<td>0.931365</td>
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**Appendix C2: Composite Reliability**

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Appendix C4: Discriminant Validity:

I  Fornell Larcker Criterion

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II  Cross Loadings

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# Appendix D

## PLS-SEM Structural Models

### Appendix D1: VIF Values (Normality)

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### Appendix D2: Path Coefficients of Direct Relationship

| Path | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | Standard Error (STERR) | T Statistics (|O/STERR|) |
|------|---------------------|-----------------|-----------------------------|------------------------|-----------------|
| COM -> FP | -0.075669 | -0.067561 | 0.059780 | 0.059780 | 1.265779 |
| COM -> SIC | 0.251284 | 0.237221 | 0.094213 | 0.094213 | 2.667175 |
| CRE -> FP | 0.209622 | 0.208061 | 0.078937 | 0.078937 | 2.655550 |
| CRE -> SIC | -0.018243 | -0.010030 | 0.071300 | 0.071300 | 0.255860 |
| EMP -> FP | 0.151111 | 0.148320 | 0.057746 | 0.057746 | 2.616840 |
| EMP -> SIC | 0.155952 | 0.156837 | 0.055066 | 0.055066 | 2.832106 |
| ENV -> FP | 0.043570 | 0.039698 | 0.072378 | 0.072378 | 0.601972 |
| ENV -> SIC | 0.212245 | 0.212415 | 0.069897 | 0.069897 | 3.036522 |
| INR -> FP | 0.156116 | 0.154758 | 0.061788 | 0.061788 | 2.526645 |
| INR -> SIC | 0.290534 | 0.289903 | 0.042922 | 0.042922 | 6.768960 |
| SIC -> FP | 0.473012 | 0.477262 | 0.084959 | 0.084959 | 5.567552 |
| SUR -> FP | -0.010577 | -0.013797 | 0.076282 | 0.076282 | 0.138663 |
| SUR -> SIC | 0.150862 | 0.156395 | 0.063728 | 0.063728 | 2.367293 |
## Appendix D3: Mediation Result Bootstrapping

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<td>0.023</td>
<td>0.112</td>
<td>0.077</td>
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<tr>
<td>Std dev</td>
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Appendix D4: Coefficient of Determination ($R^2$)

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<tr>
<td>ENV</td>
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Appendix D5: Effect Size ($f^2$)

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Appendix D6: Predictive Relevance ($Q^2$)

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Appendix E
Conversation with Professor Michael L. Barnett.

(His response on SIC measurement)
Barnett, Michael L. <mbarnett@business.rutgers.edu> 1/20/15
to me

Hi Yusuf. Those all seem like reasonable questions. Of course, they are quite general, and I would expect that most any manager would answer them positively, and so it's not evident how you'd get variation, or beyond the self-reporting bias. Please note that I developed the SIC concept by drawing on the literature on absorptive capacity. You might look into that literature, which is well established conceptually and empirically, to see if there are models of measurement you might adapt to SIC.

Best,
Mike

From: Yusuf Karaye [mailto:karaye2000@gmail.com]
Sent: Thursday, January 15, 2015 2:53 PM
To: Barnett, Michael L.
Subject: SIC Measurement