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RESEARCH ARTICLE

CRITICAL FACTORS INHIBITING CORPORATE SOCIAL RESPONSIBILITY IN NIGERIA: A SURVEY OF QUOTED DEPOSIT MONEY BANKS IN NIGERIA

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ABSTRACT

This survey research sought to provide information to various stakeholders of money deposit banks on the critical factors inhibiting firms from discharging social responsibility in Nigeria. A survey questionnaire was used to collect primary data on factors that inhibit CSR practice, by Nigerian deposit money banks. Archival documents and analysis of financial results from 2010 to 2014 of fifteen publicly listed money deposit banks in Nigeria were collected and analyzed for the five year period. This study utilized multivariate techniques of data analysis. Factor analysis statistical tool was used in the analysis. The research identified that – government regulations that limit corporate expansion (GRLCE), absence of government infrastructural support (ABGIS) and inadequate financial resources (IFR) are the most critical factors inhibiting corporate social responsibility in Nigeria. The study recommends that government should intervene through infrastructural development, tax incentives, subsidies and regulations to encourage corporate expansion.

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INTRODUCTION

By its very nature corporate social responsibility is a complex multiform phenomenon emerging as the interface between enterprises and society. Social and environmental consequences have started to be weighed against economic gains and short-term profit against long-term prosperity by business in order to maintain long-term sustainable growth and development. Thus, many have integrated into their operations corporate social responsibility programmes that aim to balance their operations with the concerns of internal and external stakeholders such as employees, customers, suppliers and business partners, labour unions, local communities, non-governmental organisations and government. According to Adesina (2010) we live in an increasingly complex and sceptical global village where corporate scandals, stock market downturn, uncertain economy, threat of terrorism are constantly creating diminished trust in the corporate sector and its leaders. It is therefore pertinent that the corporate world addresses this by demonstrating their positive impact on society and collectively developing systems for measuring the progress made in this direction. With the growing sensitivity towards social and environmental issues and shareholder and owner concerns that can be effectively addressed through internal and external dimensions of corporate social responsibility, businesses are increasingly striving to become better corporate citizens. Corporate social responsibility is not just another cliché, but an essential tool in today's business as businesses worldwide are increasingly worried about the impact of their activities on society. Today corporate leaders face a dynamic and challenging task in attempting to apply societal ethical standards to responsible business practice. Nowadays corporate social responsibility is an integral part of the business vocabulary and is regarded as a crucially important issue in management (Cornelius, Todres, Janjuha-Juvry, Woods and Wallace (2008). Nevertheless one of the key challenges in studying and implementing responsible business practices has been the lack of commonly agreed definition of corporate social responsibility. According to Nelson (2004) the term corporate social responsibility is often used interchangeably with others, including corporate responsibility, corporate citizenship, business in society, social enterprise, sustainability, sustainable development, triple bottom line, societal value-added, strategic philanthropy, corporate ethics, and in some cases also corporate governance. There are also clear links between these terms and those relating to socially responsible investments, community investing, social capital, and collaborative governance. In the business community, corporate social responsibility is alternatively referred to as corporate citizenship, which essentially means that a company should be a "good neighbour" within its host community. Kotler and Lee (2005) viewed corporate social responsibility as a commitment to improve community well-being through

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resources. A key element in this definition is the word discretionary, which refers to a voluntary commitment a business makes in choosing and implementing socially and environmentally responsible practices and making contributions. The term community well-being, according to Kotler and Lee (2005) includes human conditions as well as environmental issues. They also used the term corporate social initiatives to describe efforts under the corporate social responsibility umbrella as shown by this definition: "Corporate social initiatives are major activities undertaken by a corporation to support social causes and to fulfil commitments to corporate social responsibility" (Kotler and Lee, 2005). Causes that can be supported through these initiatives are those that contribute to: (a) community health, safety, education, and employment; (b) the environment; (c) community and economic development and other basic human needs. The US Agency for International Development (2002) defined corporate social responsibility as transparent business practices that are based on ethical values, compliance with legal requirements, and respect for people, communities, and the environment. Thus, beyond making profits, companies are responsible for the totality of their impact on people and the planet. The International Labour Organization (2007) described corporate social responsibility as a way in which enterprises give consideration to the impact of their operations on society and affirm their principles and values both in their own internal methods and processes and in their interaction with other actors. It further specified corporate social responsibility as a voluntary, enterprise-driven initiative, which refers to activities that are considered to exceed compliance with law. This study, adopts the structural perspective of corporate social responsibility as propounded by Marcel, (2003) and Wilenius, (2005) in order to evaluate the firm's performance concerning social issues**.** According to the structural viewpoint, corporate social responsibility covers three dimensions of corporate action: economic performance, social accountability and environmental management. The researcher chooses this approach because according to the approach, corporate social responsibility can be understood in terms of different stakeholders and the issues that they are concerned with. These issues relate to the overlapping levels of social, environmental and economic impact.

Review of related literature

The literature review was extensively discussed under the following headings: conceptual framework, theoretical framework and empirical framework.

Conceptual framework

Sustainable development and corporate social responsibility are concepts that play an increasingly important role for governments, business and society within the twenty-first century. Demirag (2005) posits that the link between these two concepts is important because governments are responsible for achieving the goals of sustainable development by signing international agreements; though it is not possible to achieve these goals without the contribution and effort of industry. Demirag (2005) further stated that involving industry in the work towards sustainable development was one of the driving forces behind the rise of the corporate social responsibility concept and pointed out that there are two nuances worth noting about the relationship between sustainable development and corporate social responsibility. First, sustainable development has been understood to be dependent on a strong involvement of governments while on the contrary, corporate social responsibility is often defined as business contribution 'beyond legal requirements' and at the same time described as a 'business contribution to sustainable development'. Second, corporate social responsibility is sometimes defined as the social dimension of sustainable development while at the same time sustainable development can be understood as solely environmental. Although there are many definitions of sustainable development it is necessary to point out that however expressed, development will not be sustainable if economic, social and environmental goals are not progressed simultaneously. Bent, Howes, and Richard, (2003) posit that a conscious effort has to be made to identify and avoid the damaging trade-offs where, for example, a decision that is good economically is not beneficial environmentally or socially. This means that the full cost is not paid over the counter, but elsewhere, by a damaged environment, or by the exploitation of people either now or in the future. The 'at the same time' (AST) test is important in helping to decide whether a decision contributes positively to sustainable development. If the decision was taken by considering the economic, social and environmental consequences (now and in the future) at the same time, then it may well contribute to sustainable development. The sustainability of organisations is therefore concerned with balancing economic goals with environmental and social development and ensuring that each is taken account of in building a viable and healthy organisation in the long term.

Nowadays corporate social responsibility is an integral part of the business vocabulary and is regarded as a crucially important issue in management (Cornelius *et al.,* 2008). Löhman and Steinholtz (2004) view corporate social responsibility concept as a combination of three separate agendas, namely sustainability, corporate accountability and corporate governance. Sustainability derives from the United Nations meeting in Rio de Janeiro in 1992 and Agenda 21. The definition focuses on how we address and balance the social, economic and environmental areas in the world so that our long term survival is not threatened. Corporate accountability focuses on the credibility of the organisation and is used in situations where discussions are held about the ability of the organisation to manage. Corporate governance is used in the discussion about how an organisation is being run. It deals with transparency, and in the long run, trustworthiness. Demirag (2005) defined 'corporate social responsibility' as corporate attitudes and responsibilities to society for social, ethical and environmental issues, including sustainability developments. Johnson (1971) in his definition of corporate social responsibility, conceives a socially responsible firm as being one that balances a multiplicity of interests, such that while striving for larger profits for its stockholders, it also takes into account, employees, suppliers, dealers, local communities and the nation. This definition draws from stakeholder theory as developed by Freeman (1984). According to Freeman (1984), the firm can be described as a series of connections of stakeholders that the managers of the firm attempt to manage. Stakeholder, according to Bruno and Nichols (1990) is a term which denotes any identifiable group or individual who can affect or be affected by organizational performance in terms of its products, policies, and work processes. Davis (1975) argues that modern business is intimately integrated with the rest of society. It is not some self-enclosed world, like a small study group. Rather, business activities have profound ramifications throughout society, and their influence on peoples' lives is hard to escape. Therefore, corporations have responsibilities that go beyond making money because of their great social and economic power. Recent theories of corporate social responsibility assert that firms engage in "profit-maximizing" corporate social responsibility. That is, companies are assumed to be socially responsible because they anticipate a benefit from these actions. Examples of such benefits might include reputation enhancement, the ability to charge a premium price for its output, or the use of corporate social responsibility to recruit and retain high quality workers. These benefits are presumed to offset the higher costs associated with corporate social responsibility, since resources must be allocated to allow the company to achieve adequate corporate social responsibility status, i.e. adequate level of corporate social responsibility (Baron, 2001).

Environmental aspect of corporate social responsibility

The environmental aspect of corporate social responsibility can be defined as "duty to cover the environmental implications of the company's operations, products and facilities; duty to eliminate waste and emissions; duty to maximize the efficiency and productivity of used resources; and duty to minimize practices that might adversely affect the enjoyment of the country's resources by future generations" (Mazurkiewicz, 2004).Today in the global economy, where the Internet, the news media and the information revolution shine light on business practices around the World, companies are more frequently judged on the basis of their environmental stewardship. Increasingly business partners, governments and consumers want to know what is inside a company. This transparency of business practices means that for many companies, environmental aspects of corporate social responsibility are no longer a luxury but a requirement. Many governments and businesses are now realizing that environmental protection and economic growth are not always in conflict. An earlier emphasis on strict governmental regulations has ceded ground to corporate self-regulation and voluntary initiatives. Governments have assumed principal responsibility for assuring environmental management, and have focused on creating and preserving a safe environment. They have directed the private sector to adopt environmentally sound behaviour through regulations, sanctions and occasionally, incentives. When environmental problems have arisen, the public sector has generally borne the responsibility for mitigation of environmental damage. In this approach, some have contended that unrestricted private sector behaviour has been considered as presenting the environmental problem. However, the roles of sectors have been changing, with the private sector becoming an active partner in environmental protection.

Role of government in corporate social responsibility

Since the earlier twentieth century, European as well as other countries has developed legislations to control the relationship between employees and the employer, health and safety at work, issues of environmental interest, discrimination and equal opportunities at the workplace. In Europe, state owned companies were created to pursue commercial and social objectives, whereas private sector companies were allowed to pursue their commercial objectives almost exclusively. A question of interest therefore is, whether government should assist business to exceed its legal obligations and hence commit itself to socially responsible behaviour. Bichta (2003) suggested that government might play a role to encourage and promote the social responsibility of business. He identified four principal public sector roles in relation to corporate social responsibility that are mandating, facilitating, partnering and endorsing roles. The four principal public sector roles in strengthening corporate social responsibility are discussed below.

- **Mandating role:** In their mandating role, governments at different levels define minimum standards for business performance embedded within the legal framework.
- **Facilitating role:** Setting clear overall policy frameworks and positions to guide business investment in corporate social responsibility, laws and regulations that facilitate and provide incentives for business investment in corporate social responsibility by mandating transparency or disclosure on various issues, tax incentives, investment in awareness raising and research, and facilitating processes of stakeholder dialogue.
- **Partnering role:** Combining public resources with those of business and other actors to leverage complementary skills and resources to tackle issues within the corporate social responsibility agenda, whether as participants, convenors, or catalysts.
- **Endorsing role:** Showing public political support for particular kinds of corporate social responsibility practice in the marketplace or for individual companies; endorsing specific award schemes or non-governmental metrics, indicators, guidelines, and standards; and leading by example, such as through public procurement practices (Ward, 2004).

Theoretical framework

The concept of corporate social responsibility means that organizations have moral, ethical, and philanthropic responsibilities in addition to their responsibilities to earn a fair return for investors and comply with the law. However, corporate executives have struggled with the issue of the firm's responsibility to its society. It has been argued by Friedman (1970) that the corporation's sole responsibility is to provide maximum financial return to share holders while others are of the belief that business owes responsibility to a wide range of groups in the society. This has led to a number of theories attempting to explain corporate social responsibility namely; shareholders' theory, stakeholders' theory and social contracts theory. This study used the blending of stakeholder and legitimacy theories to explain the motivation for corporate social responsibility.

Stakeholder theory

The stakeholder theory of modern corporations was propounded by Edward Freeman in 1984. Stakeholder theory states that the purpose of a business is to create as much value as possible for stakeholders which includes, but not limited, to shareholders (Freeman, 1984). In other words**,** corporations have a social responsibility beyond making a profit. The theory opposes the then popular ideology that a company's aim is to accumulate profits so it can be redistributed amongst shareholders. According to Friedman (1970), in a free society, there is one and only one social responsibility of business, to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game**.** He argued that managerial attention to interests other than those of investors is a breach of trust that inevitably reduces the welfare of shareowners. Stakeholder theory, on the other hand, is based on the notion that companies have several stakeholders defined as groups and individuals who benefit from or are harmed by, and whose rights are violated or respected by corporate actions. According to Wahba (2008), stakeholder theory assumes that organizational sustainability initiatives must result in higher financial performance.

Legitimacy theory

In literature, legitimacy theory is credited to Mark C. Suchman who developed a broad-based definition of legitimacy in 1995 as "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions" (Suchman, 1995). Legitimacy theory posits that businesses are bound by the social contract in which the firms agree to perform various socially desired actions in return for approval of its objectives and other rewards, and this ultimately guarantees its continued existence. The concept is used to represent a multitude of implicit and explicit expectations that society has about how the organization should conduct its operations. It assumes that society allows the organization to continue operations to the extent that it generally meets their expectations. According to Lindblom (1994), legitimacy is a status that comes from the harmony between a corporation's value system and that of society. The absence of such harmony, he argues, may cause the firm to disappear. From such a perspective, corporate social responsibility is seen as one of the strategies used by companies to seek acceptance and approval of their activities from society. It is seen as an important tool in corporate legitimating strategies, as it may be used to establish or maintain the legitimacy of the company by influencing public opinion, patronage and ultimately, the bottom line.

Empirical review

Amaeshi, Adi, Ogbechie and Amao (2006) conducted a study on Corporate Social Responsibility in Nigeria: Western Mimicry or Indigenous Practice. The objective of the study was to explore the current meaning and practice of CSR in Nigeria with emphasis on the waves, issues, and modes of CSR amongst indigenous firms. The study was largely exploratory and does not present or adopt any normative stance (or best practice approach) towards the practice and meaning of CSR. The study explored the context in which firms operate in Nigeria – i.e. the corporate governance framework and socio economic conditions influencing indigenous firms and its implications for corporate governance. Data were collected using structured interviews through face-to-face, telephone and emails. The result/analysis of the study showed that the understanding and practice of corporate social responsibility in Nigeria is still largely philanthropic and altruistic. It also concluded that most people think that corporate social responsibility is just one of the many ways companies can plough back a portion of their profit to their immediate environment. Dinga, (2008) carried out a survey on Corporate Social Responsibility – A new factor of corporate competitiveness. The objective of the survey was to identify a level of awareness about CSR tools and ability to utilize them by companies located in the Czech Republic and to compare results according to size and seat of the company. There was no hypothesis used in the survey. A total of 225 companies of all sizes from 14 regions of the Czech Republic were surveyed on CSR. Surveyed sample consisted of 65% micro and small companies, 23% medium-sized companies and 12% large companies. The results of the survey showed that 47% of involved companies knew CSR concepts. Significant majority of companies (almost 90%) embraced at least one CSR activity aimed at own employees. On the other hand, in at least one activity related to external dimension of CSR was involved 93% of reviewed companies. The principal forces that motivated companies in implementing CSR concept were ethical and moral reasons, improvement of employees' satisfaction, improvement of business relations and tradition. The main obstacles that hampered companies in socially and environmentally responsible behaviour were excessive bureaucracy, lack of time and too high costs. Bitchta (2003) conducted a research on "corporate social responsibility – a role in government policy and regulations". The objective of the research was to explore the role of corporate social responsibility (CSR) in government policy. The report used the experience of current corporate social responsibility practices in the UK regulated industries to examine the relevance of CSR in government policy and in the UK regulated industries in particular. Seventeen companies were selected for the research sample, representing the water and sewerage, the electricity, the telephone, the rail and postal services network operators. Investigation and analysis of company reports and published documents was the method used to shed light to the currents status of socially responsible behaviour in the UK regulated industries. From the findings, the author concluded that whilst companies are moving towards engaging stakeholders in strategy development, attitudes and behaviour of the UK regulated companies are mostly in compliance with the law and cannot be described as 'corporate socially responsible behaviour'. Overall, it is believed that current practices amongst the research sample correspond to 'best practice' Government pressure to deliver outputs and the risk of pressure from corporate stakeholders underpins the current behaviour of the UK regulated companies. The business case drives 'best practice' and not corporate social responsibility decisions in the UK regulated companies. The author also finds that companies will be more prone to move towards best practice, if there is suffice collective evidence to support increased value return resulting from social and environmental policies. Overall, the 'enabling' role of government can be seen as being twofold:

- To create the environment for business to adopt best practice;
- Help business realise the benefits of seeking legitimacy from the corporate stakeholders as well as the company's shareholders.

However, in all the research studies and survey conducted so far on corporate social responsibility, none of the research studies and survey has been able to identify the critical factors inhibiting firms from discharging social responsibility. This study most significantly intends to identify the critical factors inhibiting firms from discharging social responsibility.

Development of Research Hypothesis: Given the mixed results in the above empirical review, we develop the following hypothesis stated in their null forms to guide our study.

Ho_1: *There are no critical factors inhibiting firms from discharging social responsibility as all inhibiting factors are equally significant.*

MATERIALS AND METHODS

The researcher employed the survey research design for this study. The reason for adopting the survey method was to enable the researcher gather the desired information on the subject matter. To implement the survey research methodology in this study, a survey questionnaire was applied on the selected target groups. The study utilized two types of data - primary and secondary. The use of the two types of data was necessitated by the need to capture the historical trends as embodied in published annual reports of the companies used in this study and also the personal views of corporate officials. The study covers the period 2010 to 2014 (five years) and only quoted banks in the financial sector were chosen because of their potentials to maintain reliable and accessible database as part of the requirements for continuous listing in the Exchange. Also, the corporate annual reports and other stand alone disclosures are corporate communications used by these organizations to influence the perceptions of various stakeholders on the company's position on social and environmental issues.

Population and study sample

The population of the study includes all quoted Deposit Money Banks in Nigeria. From our sample population, foreign owned banks were eliminated. The reason for this filtration is to ensure easy accessibility to annual reports and accounts and to limit our study to local financial institutions. This criterion was adopted in order to obtain a sample that is homogeneous. The final sample consists of 15Deposit Money Banks from the financial sector of the Nigerian Economy.

Data analysis techniques

This study utilizes factor analysis method to determine the critical factors inhibiting corporate performance on social responsibility. Justification for the use of factor analysis is its suitability for the formulated hypothesis.

Model specification

Factor analysis is a statistical procedure used in identifying a small number of factors that can be used to represent relationships among sets of interrelated variables. The factors identified as inhibiting corporate social responsibility are represented as follows:

GRLCE (GE) = Government Regulations Limiting Corporate Expansion
ABGIS (AS) = Absence of Government Infrastructural Support
IFR (IR) = Inadequate Financial Resources
CBASH (CH) = Community not Bordered About Social Help
GJLPI (V) = Government Jurisdiction Limiting Provision of Infrastructure
LHRCS (V) = Lack of Human Resources/Capacity to attend to Social Responsibility
LTKIS (V) = Lack of Technical Knowhow for Implementation of Social Responsibility
UAC (V) = Uncooperative Attitude of the Community

These factors are used in the factor analysis model in order to identify the most critical inhibiting factors. The mathematical model for this is

$$X_{1,i} = h_1 + l_{1,1}GE_1 + l_{1,2i}AS_i + l_{1,3}LS_i + l_{1,4}UC_i + \ldots\ldots + l_{15,n}V_i + u_{1,i}$$

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$$X_{15,i} = h_{15} + l_{15,1}GE_1 + l_{15,2}AS_i + l_{15,3}IR_i + l_{15,4}CH_i + \ldots\ldots + l_{15,n}V_i + u_{15,i}$$

Where

$X_{1,i}$ is the i[th] rater's score for the k[th] subject

h_k is the mean of the rater's scores for the k[th] subject

GE_i is the i[th] raters perception on factors influencing social responsibility concerning Government regulations that limit corporate expansion.

AS_i is the i[th] raters perception on factors influencing social responsibility concerning absence of government infrastructural support.

IR_i is the i[th] ratter's perception of factor on social responsibility concerning inadequate financial resources.

CH_i is the i[th] ratter's perception on factors on social responsibility concerning community not bordered about social help

………………………… to Vi are other inhibiting variables to the last factor or variable under consideration.

$l_{k,j}$ are factor loadings for the k[th] subject, for j = 1,2,……..15

$u_{k,I}$ is the difference between the i[th] raters score in the k[th] subject and the average score in the k[th] subject of all raters whose levels of verbal and mathematical intelligence are the same as those of the i[th] raters.

Analysis and discussion of results

The data generated on factors inhibiting corporate performance on social responsibility namely government jurisdictional limitations on provision of infrastructure (GJLPI), absence of government infrastructural support (ABGIS), lack of human resources or capacity to attend to social responsibility (LHRCS), inadequate financial resources (IFR), community not bothered about social help (CBASH), lack of technical know-how for implementation of corporate social responsibility (LTKIS), uncooperative attitude of the community (UAC) and government regulations that limit corporate expansion (GRLCE) are presented in Table 1 below.

Presentation of data

Analysis of data: In this section the data generated using differential semantic scale and presented above were analyzed using factor analysis. In the light of this, the Hypothesis is restated and verified as follows:

Ho_1: There are no critical factors inhibiting firms from discharging social responsibility as all inhibiting factors are equally significant.

Ha_1: There are critical factors inhibiting firms from discharging social responsibility as all inhibiting factors are not equally significant.

Table 1. Respondents Rating of Factors Inhibiting Corporate Performance on Social Responsibility

Bank	GJLPI	ABGIS	LHRCS	IFR	CBASH	LTKIS	UAC	GRLCE
UBA	1.60	1.40	1.60	3.00	1.60	3.00	3.00	1.50
FCMB	1.40	1.60	1.30	2.87	1.20	3.00	3.00	1.70
FB	1.70	1.30	1.40	2.00	1.50	2.50	2.10	1.40
SKYB	1.60	1.20	1.70	1.78	1.30	2.72	2.00	1.30
ZB	1.30	1.50	1.20	3.00	1.60	3.00	1.20	1.60
WB	1.50	1.70	1.70	2.68	1.70	3.00	1.30	1.80
ECO	1.40	1.40	1.30	3.00	1.60	3.00	2.00	1.50
STB	1.20	1.30	1.30	1.78	1.40	2.70	1.80	1.40
UBN	1.20	1.20	1.20	2.05	1.50	2.40	2.00	1.30
FBN	1.60	1.50	1.70	3.00	1.30	1.70	1.30	1.60
DB	1.50	1.60	1.50	2.70	1.30	1.80	1.50	1.70
ACCESS	3.30	1.80	1.20	2.65	1.20	1.40	1.60	1.90
STERLING	1.70	3.00	1.50	3.00	1.60	1.30	1.20	2.80
GTB	1.30	1.30	1.30	3.00	1.50	1.50	1.40	1.40
UNITY BANK	1.60	1.20	1.60	2.30	1.40	1.20	1.80	1.30

Source: Compiled from Field Survey, 2014

Table 2. Communalities

	Initial	Extraction
GJLPI	1.000	.703
ABGIS	1.000	.882
LHRCS	1.000	.474
IFR	1.000	.551
CBASH	1.000	.766
LTKIS	1.000	.766
UAC	1.000	.612
GRLCE	1.000	.900

Extraction Method: Principal Component Analysis.

Table 3. Total Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.858	35.727	35.727	2.858	35.727	35.727	2.513	31.412	31.412
2	1.686	21.078	56.805	1.686	21.078	56.805	1.801	22.513	53.925
3	1.109	13.866	70.670	1.109	13.866	70.670	1.340	16.745	70.670
4	.934	11.672	82.342						
5	.639	7.983	90.325						
6	.472	5.897	96.222						
7	.301	3.766	99.988						
8	.001	.012	100.000						

Extraction Method: Principal Component Analysis.

The results of the factor analysis for the determination of critical factors inhibiting the firm’s effort in the discharge of social responsibility is presented in Table 5 through Table 2 as follows: The table shows us the extent, each factor impacts on the firm’s effort in the discharge of social responsibility, using the weighted scores analyzed based on maximum likelihood extraction. The value of communalities ranges from 0 to 1. Zero value means that the common factors don’t explain any variance while one means that the common factors explain all the variance. The result of the communalities therefore shows that all the variables are well and completely fitted with the factor solution, and none could be possibly dropped from the analysis. This implies that all the variables are relevant factors since the common factors explain all the variables in the initial cummunalities and still explain most of the variables in the extraction. However, all may not be equally critical. To determine the number of components that are extracted as most critical, the explained total variance table is presented in Table 3 as follows:

The table shows that three (3) components were extracted under 1.109 eigen value minimum. The clustering of decision factors affecting securing of factors inhibiting corporate social responsibility within the three components generated normalized cumulative sums of square loading of 70.67% percent.

This shows that the three decision variables depict about 71 percent of the characteristics of the eight factors. The 3 components with above 1 elgen value are indicative in the scree plot as shown in Fig. 1 below. To find out how each item in the analysis correlates with each of the three retained factors, the component analysis table is presented below in Table 4. The component matrix may not however give us a clear picture of the factor loading for each variable and as such, we resort to rotated component matrix which is noted for its ability to providing a clear indication on how each item correlates with each identified factor. The rotated matrix is presented in Table 5 as follows. The table shows the loading of the factors into three principal components. Factors GRLCE – government regulations that limit corporate expansion (with value of 0.917), ABGIS - absence of government infrastructural support such as power and the like (with value of 0.906) and IFR – inadequate financial resources (with value of 0.720) are the most critical factors inhibiting corporate social responsibility.

RESULTS AND DISCUSSION

To examine the critical factors that inhibiting firms from discharging social responsibility, the researcher grouped the factors into the following eight categories: government jurisdictional limitations on provision of infrastructure (GJLPI), absence of government infrastructural support (ABGIS), lack of human resources or capacity to attend to social responsibility (LHRCS), inadequate financial resources (IFR), community not bothered about social help (CBASH), lack of technical know-how for implementation of corporate social responsibility (LTKIS), uncooperative attitude of the community (UAC) and government regulations that limit corporate expansion (GRLCE). Factor analysis method was used on the data collected to determine the critical factors inhibiting corporate performance on social responsibility. The results of the factor analysis for the determination of critical factors inhibiting the firm's effort in the discharge of social responsibility shows that three (3) components were extracted under 1.109 eigenvalue minimum as most critical from the eight components. The clustering of decision factors affecting securing of factors inhibiting corporate social responsibility within the three components generated normalized cumulative sums of square loading of 70.67% percent. This shows that the three decision variables depict about 71 percent of the characteristics of the eight factors.

Table 4. Component Matrixa

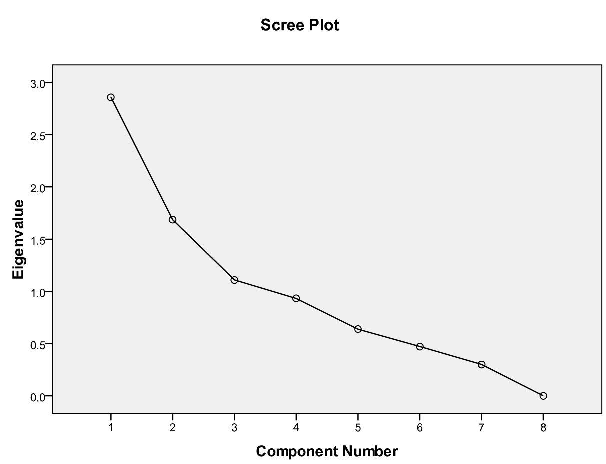
	Component		
	1	2	3
GRLCE	.919	.164	.167
ABGIS	.911	.181	.137
LTKIS	-.597	.535	.352
UAC	-.560	-.034	.545
IFR	.544	.377	.335
CBASH	.081	.863	-.120
GJLPI	.453	-.662	.246
LHRCS	.070	.121	-.674

Extraction Method: Principal Component Analysis.
a. 3 components extracted.

Table 5. Rotated Component Matrixa

	Component		
	1	2	3
GRLCE	.917	-.163	-.179
ABGIS	.906	-.142	-.204
IFR	.720	.138	.112
CBASH	.328	.798	-.148
GJLPI	.252	-.797	.070
LTKIS	-.217	.653	.540
UAC	-.314	.085	.712
LHRCS	-.128	.171	-.654

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 4 iterations.



From the table of rotated component matrix showing the loading of the factors into three principal components, factors GRLCE – government regulations that limit corporate expansion (with value of 0.917), ABGIS - absence of government infrastructural support such as power and the like (with value of 0.906) and IFR – inadequate financial resources (with value of 0.720) are the most critical factors inhibiting corporate social responsibility. Arguments exist that support the view that firms which has solid financial performance have more resources available to invest in social performance domains, such as employee relations, environmental concerns, or community relations. Financially strong companies can afford to invest in ways that have a more long-term strategic impact, such as providing services for the community and their employees. Those allocations may be strategically linked to a better public image and improved relationships with the community in addition to an improved ability to attract more skilled employees. On the other hand, companies with financial problems usually allocate their resources in projects with a shorter horizon. This theory is known as slack resources theory (Waddock and Graves, 1997). This study identified three critical factors namely government regulations that limit corporate expansion, absence of government infrastructural support such as power and like and inadequate financial resources as inhibiting firms' performance from carrying out social responsibility. The fact that government regulations and absence of government infrastructural support are among critical factors that limit firms' performance in social responsibility support the assertion of Bichta (2003) that government might play a role to encourage and promote the social responsibility of business. It also supports the endorsing role of Ward (2004) which talks of government support for particular kinds of corporate social responsibility practice in the market place. The findings also lend support to Reich (1998) who contends that there is a place and role for government intervention through tax incentives and subsidies under the business case for corporate social responsibility.

Conclusion

The main objective of this study was to determine the critical factors inhibiting corporate performance on social responsibility. This study basing on money deposit banks revealed that there are many factors that inhibit a bank's practice of CSR. Among these critical factors are government regulations that limit corporate expansion and absence of government infrastructural support. The government therefore have a role to play to encourage and promote the social responsibility of business. The researcher recommends that government should intervention through infrastructural development, tax incentives, subsidies and regulations that will encourage corporate expansion.

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