

Exploring the Impact of Strategic Proactivity on Perceived Corporate Social Responsibility in Nigeria's Petroleum Industry: *A Structural Equation Modeling Approach*

Chidi M. Ibe¹, Wang Z. Min¹, Kwek C. Ling² & Yii. D. S. K.¹

¹ Faculty of Business and Information Science, UCSI University, Kuala Lumpur, Malaysia

² Faculty of Accountancy, Business and Finance, UCTAR, Kuala Lumpur, Malaysia

Correspondence: Kwek Choon Ling, Faculty of Accountancy, Business and Finance, UCTAR, Kuala Lumpur Campus, Jalan Genting Kelang, Setapak, 53300 Kuala Lumpur, Malaysia. E-mail: kwekcl@acd.tarc.edu.my

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Abstract

In the past few years, there has been a gradual re-orientation taking place in the relationship between business and society in the Nigerian petroleum industry. The re-emergence of democracy has led to an increased awareness about the role of oil companies in their host-communities. Oil companies are aware of this, and have devoted increased effort towards contributing to their host-communities. Despite the fact that, of recent, these oil companies are contributing more than ever, there is an increase in the conflict between these companies and the stakeholders in their host-communities. This is threatening their sustainability. This problem highlights a gap in theory and practice of CSR. In recent times, there have been calls for shift of scholarly focus towards a performance based CSR theory and practice. This paper empirically tested this performance based perspective by exploring the interactive process that leads to CSR outcomes. This was done through a quantitative research study. 623 members of Eket and Ibeno youth councils took part in a survey from which 591 valid samples were generated. A structural equation modelling (SEM) statistical technique was employed. The results showed a positive relationship between strategic proactivity and perceived CSR, with perceived economic value dimension demonstrating partial mediating impact on the relationship.

Keywords: corporate social responsibility, strategic proactivity, perceived CSR, perceived value, sustainable development, structural equation modeling, and attribution theory

1. Introduction

The discovery of petroleum in the Niger-Delta region of Nigeria in 1956 led to the influx of multi-national oil companies into Nigeria. This signalled an era of economic growth in the country due to high foreign direct investments (FDI). By the 1970s, the production and export of oil products had become the major source of national income for Nigeria (Davis, 2009). As a result, the Nigerian government placed high value on the sustenance of the operations of oil companies.

The 1970s to 1990s was characterized by strings of military coup d'états that saw oil companies operating under military leadership for many years. Within this period, the host-communities of these oil companies experienced a sporadic degradation of their social, economic and environmental wellbeing (Babatunde, 2012). The most impactful was the destruction of the aquatic ecology that the stakeholders in the community, who were prevalently fishermen and farmers, relied on. As a result, the members of the host-communities of oil companies saw them as being exploitative (Omotola, 2006). This led to protests that were initially peaceful, but became radicalized as these oil companies increasingly showed insensitivity under the protection of military governments (Omotola, 2006). This was the root of the rise of social activism in the Niger-Delta region of Nigeria. This was described as having developed from the shared experience and aspirations that stemmed from the deprivation of social good by the activities of oil companies (Jike, 2004).

However, in 1999, democratic leadership was restored in Nigeria. The Nigerian government, under civil leadership, demanded for more social responsibility from the oil companies. The oil companies responded by showing more sensitivity to their host-communities through embarking on diverse corporate social responsibility (CSR) initiatives (Aghalino & Eyinla, 2009; Ibok & Mboho, 2011). They have embedded the principles of

sustainable development in their policy frameworks, and have contributed billions of dollars to the development of their host-communities, while creating responsive organizations to deal with negative occurrences from their production activities (Aghalino & Eyinla, 2009). In spite of these efforts, the stakeholders in their host-communities still embark on protests, riots, militancy and sabotage, which threatens the sustainable development of both the oil companies and the societies within which they operate (Omotola, 2006). This problem has raised questions about the nature of CSR, especially with respect to the generation of performance.

Theoretically, CSR is viewed as a means of ensuring the sustainable development of business in society (Aras & Crowther, 2009). However, the case of business and society in the Nigerian petroleum industry challenge this theory. More than ever, there is need to explore the means through which the implementation of CSR generates required performance. This is what this paper is aimed at achieving. To do this, the scholarly call for a performance based perspective of CSR (Wood, 1991; Wartick & Cochran, 1985) is adhered to. In exploring this performance based perspective, the complex, interactive relationship that reflects the CSR efforts of oil companies and their stakeholders' attribution about these CSR initiatives is empirically tested to gain insight about the nature of generation of outcome from the implementation of CSR. This is based on the fact that there is need to understand the nature of CSR implementation by oil companies in the Nigerian petroleum industry.

2. CSR and Nigeria's Petroleum Industry

The definition of CSR spans through several decades, with Clark (1926) pointed out as the originator of the concept (Freeman & Hasnaoui, 2011). It has been viewed as social obligation (Berle, 1932), social responsibility (Bowen, 1953), corporate philanthropy (Eells, 1956; Levitt, 1958), corporate citizenship (Marten, Crane, & Fredricks, 1960), social responsiveness (Carroll, 1999) and social performance (Wartick & Cochran, 1985; Wood, 1991). Of recent, the definition of corporate social responsibility (CSR) has been noted to be context specific (Gjolberg, 2009; Freeman & Hasnaoui, 2011). In essence, CSR is a concept with diverse definitions that require the understanding of the context within which it exist. In the context of the Nigerian petroleum industry, CSR can be defined as a sustainable development practice that is aimed at enhancing the relationship between business and society. This implies that beneath every oil companies' CSR initiative is an objective to create shared value with an aim of defusing the tension that exists between business and society (Porter & Kramer, 2006; Jones, 1983). The most important concept to note is the concept of "shared value".

Shared value implies that businesses do not just contribute to society; they do so with the intention of generating some forms of business value (Karna et al., 2001). The non-generation of business value from CSR, no matter how socially impactful, implies a failure of a CSR initiative for business. In the Nigerian petroleum industry, the contributions made by oil companies are aimed at enhancing the relationship between these companies and their host-communities so that they can gain support, hence enjoy unhindered operations in their production activities (Frynas, 2005). The failure of these oil companies to enhance their relationship with their host-communities and the continuous disruption of their production activities reflects the failure of their CSR initiatives. In order to understand the reason for these failures, it is important to explore the CSR strategies employed by these oil companies.

2.1 Corporate Social Responsibility Strategies

CSR strategy is defined as the way that CSR initiatives are implemented. Some of the core concepts that have emerged to explain the way CSR is implemented are reactive, defensive, accommodative and proactive CSR strategies (Wilson, 1975). When a company carves out a CSR strategy that puts it in a position to escape the responsibility that comes with the negative outcomes of its function and existence in society, it employs a reactive strategy (Carroll, 1979; 1999). However, some companies utilize CSR strategies that ensure that the existing legal and ethical frameworks protect them against taking responsibility for the consequences of their activities and functions in society. This is referred to as the defensive CSR strategy (Carroll, 1979; 1999). Some other companies don't escape from the responsibility that comes with the outcome of their function and activities in society. However, they need to feel the pressure from the stakeholders before implementing CSR initiatives. These companies employ an accommodative CSR strategy (Carroll, 1979; 1999). There is a set of companies that actually embark on the implementation of CSR activities without being pressurized or without the occurrence of negative trends. These companies employ a proactive CSR strategy (Carroll, 1979; 1999).

It has been noted that irrespective of the aim behind the implementation of CSR initiatives, CSR strategy can be categorized as either being reactive or proactive (Groza et al., 2011). Reactive CSR strategy is the implementation of CSR as a response to negative occurrences from the production activities of business, while proactive CSR strategy is the implementation of CSR with an aim to instil altruistic values and without the occurrence of negative outcomes from production activities (Groza et al., 2011). These strategies are evident in

the case of oil companies in Nigeria.

In the course of their operations, oil companies are sometimes caught unawares by the occurrence of negative effects of their production activities. These companies have proven to effectively employ reactive CSR strategy in trying to contain the negative effects of these negative effects in their host communities (Aghalino & Eyinla, 2009). Apart from spending millions of dollars in responding to these negative trends from their production activities, they have created responsive organizations like the Clean Nigeria Associates (CNA), which was established in 1981 to pool resources together for a faster response to negative environmental outcomes from production activities. In addition, they work closely with the national oil spill detection and response Agency (NOSDRA) and their host-state's department of petroleum resources (DPR) to tackle such unexpected occurrences. Most commonly, compensations are paid to host communities to alleviate the consequences of these negative occurrences (Aghalino & Eyinla, 2009) and indigenes are employed in such clean up activities, which provides income for them.

However, reactive CSR strategy has proven to lead to negative reaction from stakeholders in the host-communities of oil companies (Jike, 2004; Omotola, 2006). It has been severally reported that the damage on these oil companies is inflicted even before they have the time to implement their reactive CSR strategy. For example, In November, 2013, the youths of Eket and Ibeno local government areas of Akwa Ibom state embarked on weeks of protest to make ExxonMobil to pay compensation for an oil spill that occurred in 2012, thereby blocking the operations of the company for the duration of the protest, which led to losses on the part of the company (Thisday Newspaper Nigeria, 2013). This is in spite of the fact that ExxonMobil had already started cleanup efforts from which several of the youths of these communities were benefitting from.

These oil companies have also been noted to implement proactive CSR strategies (Ibok & Mboho, 2011). They embark on the building of infrastructures like schools, hospitals, provision of pipe-borne water, creation of scholarship schemes, offering of favorable employment opportunities for members of their host-communities and many more (Ibok & Mboho, 2011). For poverty alleviation, oil companies like Shell and ExxonMobil have been noted as major contributors to soft and medium scale loans as well as vocational training activities to raise employment capacity in their host-communities (Ibok & Mboho, 2011). They mostly do all these without the occurrence of negative outcomes from their production activities. The implementation of proactive CSR strategy by oil companies have also not enhanced the relationship between oil companies and the stakeholders in their host-communities. This is contrary to theoretical arguments.

In extant literature, while reactive CSR strategy has been found to generate negative outcomes, proactive CSR strategy has been argued to generate positive outcomes (Ellen et al., 2000; Groza et al., 2011). More specifically, it has been found that when companies use reactive CSR strategy, they are perceived by stakeholders as serving business goals, but when they implement CSR proactively, they are perceived by stakeholders as adding altruistic value in society (Groza et al., 2011). Based on these arguments, it is then understandable that reactive CSR strategy is perceived negatively. However, it is surprising that the proactive CSR strategy of oil companies is also perceived negatively. Based on this, this paper will focus on exploring proactive CSR strategy, which is referred to as strategic proactivity.

2.2 Strategic Proactivity in Corporate Social Responsibility

Strategic proactivity is a strategic capability. In CSR, it is the capability of a company to be able to foresee and capitalize on opportunities through implementing CSR in core areas of the society to align the value of business with the values of society in a way that benefits are accrued for both business and society (Torugsa, O'Donohue, & Hecker, 2012). This type of capability by companies has been described as being a means of generating positive perception from stakeholders (Groza et al., 2011). Strategic proactivity is a capability that is fundamental to the implementation of proactive CSR strategy. It emerged from the work of Miles and Snow (1978) to imply the companies that are strategically managed tend to develop production, entrepreneurial and administrative processes that matching external opportunities and information which reflects on their competitive advantage.

Ricks (2005) found that targeted respondents scored proactive contribution to society higher on the evaluation of corporate associations, brand evaluation and patronage intentions. In essence, the contribution to society without the impact of negative effects, which is strategic proactivity, does not only enhance stakeholders' perceived CSR, but also improves the image and patronage of businesses as noted in extant literature (Groza et al., 2011).

In Nigeria's petroleum industry, companies are very much aware of the importance of developing strategic proactivity capability. This is evident in the fact that their CSR initiatives are proactively implemented and their CSR plans are all outlined in ways that imply that they see the shortcomings in the social, economic and

environmental spheres in the society as an opportunity to make an impact on the lives of stakeholders in their host-communities (Mobil Community News, 2013). By trying to impact positively on the lives of stakeholders in their host-communities through strategic proactivity in CSR, these Oil Companies aim to generate positive perception from these stakeholders. In doing this, the Oil Companies expect that their proactive contribution to society will enhance their value through strengthening their acceptance and sustainability.

However, stakeholders' perception of strategic proactivity is not as simplistic as stated in theory. This is true because situational dynamics render companies' strategic plans obsolete and causes changes in expectations, especially with respect to expected values by stakeholders (Bhattacharya et al., 2009). Moreover, outcomes from the implementation of CSR strategies are everything but assured (Bhattacharya et al., 2009). Just as companies nurse expectations from the implementation of CSR, stakeholders also have expectations. It has been noted that it is important for research to consider the societal perspective with respect to the implementation of CSR in the relationship between business and society (Bhattacharya et al., 2009). This is because it has been found that the perception of benefits from the implementation of CSR is a major determinant of stakeholders' behaviour towards a brand (Luo & Bhattacharya., 2005). This is referred to as perceived CSR. In essence, if a CSR initiative is not perceived by stakeholders, it will definitely not generate the required response from them. This is important when applied to the Nigerian petroleum industry. Therefore, it is pertinent to explore the nature of perceived CSR.

2.3 Perceived Corporate Social Responsibility (CSR)

Perceived CSR has two perspectives. The first perspective describes it in terms of stakeholders' evaluation of a CSR initiative according to how much they attained the objectives that they were implemented for. In essence, stakeholders perceive CSR when they can see that a company has been able to successfully implement the CSR initiatives that they promised. In this paper, oil companies have proven to have implemented most of their CSR initiatives (Aghalino & Eyinla, 2009; Ibok & Iboho, 2011). Yet, these CSR initiatives have generated negative outcomes. This shows that the result of the evaluation of these CSR initiatives generated dissatisfaction among stakeholders in community. However, this paper is aimed at finding out the reasons for this dissatisfaction beyond the mere assessment of the level of completion of the CSR initiatives. For this reason, this perspective is inadequate for this paper.

In the second perspective, perceived CSR is seen in terms of the attributions about the motives behind the establishment of CSR initiatives by companies (Bhattacharya et al., 2008). In essence, stakeholders perceive that there are motives behind the establishment of CSR initiatives. Through the perception of these motives, the reasons for the nature of outcomes generated can be understood (Bhattacharya et al., 2008). In the context of this paper, stakeholders in the host communities of oil companies feel exploited due to some historical antecedents in the form of perceived collusion between the oil companies and government (Human Rights Watch, 2009). Due to this, the attributions made by stakeholders in community could be the determining factor in the nature of their perceived CSR, which may account for their negative response to oil companies' implementation of CSR initiatives. In essence, the negative relationship between business and society in this case could be ascribed to the nature of attribution by stakeholders in host community. This perspective is used in this paper because it would advance an understanding of the reasons behind the nature of outcomes from the implementation of CSR. In order to grasp the range of this perspective, it is important to see it from the foundation of the attribution theory.

2.3.1 Attribution Theory

The study of perceived cause of an event is the root of the attribution theory (Kelley & Michela, 1980). In general, Attribution theory is concerned with how individuals interpret events and how this relates to their thinking and behaviour (Weiner, 1974; 1986). The theory assumes that people try to determine why people do what they do. When individuals see an occurrence, they tend to ascribe causes according to their perception of the reasons behind such occurrences, which reflects their attribution. It can be deduced that attribution theory refers to the inferences that people make about observed situations or behaviour (Heider, 1958; Kim, 2011).

Oil companies may be successfully implementing CSR while ignoring the attributions made by stakeholders about the reasons behind their implementation of these CSR initiatives. Ignoring these attributions is detrimental to achieving the aim of a CSR initiative considering that it is the nature of attribution by stakeholders that determines how the implementation of CSR is perceived, which in turn determines the nature of reactions and returns that businesses receive (Bhattacharya et al., 2009). This means that in order to understand the reasons behind the outcome of a CSR initiative, it is important to understand how the CSR strategy employed by a company is perceived. Based on the fact that proactive CSR strategy is focused on in this paper, and the aim is to understand the reasons behind the outcomes generated from CSR, the relationship between strategic proactivity

and perceived CSR is explored.

2.4 Strategic Proactivity and Perceived CSR

The relationship between strategic proactivity and perceived CSR has been widely studied (Ellen et al., 2000; Groza et al., 2011; Becker-Olsen et al., 2006; Hill & Becker-Olsen, 2005). Ricks (2005) found that targeted respondents perceived proactive contribution to society higher on the evaluation of corporate associations, brand evaluation and patronage intentions. The study also found that negative effects overshadow the potentials of CSR initiatives that were deployed to stem the negative effects (Ricks, 2005). It has also been noted that when CSR strategy is proactively implemented by company, value-driven attributes are generated which produces positive response from stakeholders (Groza et al., 2011). In essence, when companies embark of strategic proactivity in CSR, they are perceived by stakeholders as having an objective to instill value. Also, Hill & Becker-Olsen (2005) found that respondents perceived reactive motivated CSR programs negatively and proactive motivated CSR programs positively, a finding which they ascribed to the timing of implementation of CSR strategies and nature of stakeholders' attribution about companies' goals for implementing CSR.

However, earlier research studies challenge the definitiveness of the attribution of strategic proactivity as being value driven. For example, Ellen et al. (2000) found that respondents donated more to disaster relief CSR programs that are reactive in nature than to on-going ones that are proactive in nature. In this case, reactive implementation of CSR strategy is seen as being value-driven while proactive implementation of CSR strategy was viewed as being strategy-driven. This shows that the reflection of strategic proactivity on the nature of attribution by stakeholders ultimately determines the nature of outcome. It also reveals the situational nature of the relationship between strategic proactivity and perceived CSR.

Though it has been proven in extant literature that strategic proactivity translates into perceived CSR, it has also been noted that it is important to understand the context upon which this translation occur especially as outcome from the implementation of CSR is not assured (Bhattacharya et al., 2009). This is especially important, considering that recent cases have shown that strategic proactivity by oil companies is not yielding positive results (Opukri & Ibaba, 2008; Aghalino & Eyinla, 2009).

In the Nigerian petroleum industry, majority of the CSR projects initiated by oil companies are proactive in nature (Ibok & Mboho, 2011). These CSR projects range from building of schools, hospitals, libraries, sports centres, anti-disease initiatives to mention a few. All these are mostly done without the occurrence of negative events from the production activities of oil companies. It has actually been shown that stakeholders in the host-communities of these oil companies benefit from these proactive initiatives (Ibok & Mboho, 2011; ExxonMobil Sustainability Report, 2012). However, they embark of frequent protests, riots, militancy and sabotage against the oil companies. This has been ascribed to the non-perception of the CSR initiatives by the oil company (Frynas, 2005).

This is a surprising occurrence that does not only challenge existing theoretical positions in CSR, but also threatens the sustainability of business and society. It raises questions about the nature of outcome from CSR. Therefore, it has become important to test the relationship between strategic proactivity and perceived CSR in this unique context.

H1: Strategic Proactivity is Positively Related to Perceived CSR.

The generation of benefits that are of value to stakeholders from CSR is a possible indirect means of strengthening the perception of CSR (Bhattacharya et al., 2009; Du et al., 2005). This perception of value could dictate the choice of stakeholders to either accept or reject the outcome of a CSR initiative (Bhattacharya et al., 2009). Moreover, it has been found that when companies deploy CSR initiatives, the stakeholders' perception of the CSR is dependent upon the type of value that is provided by the initiative (Luo & Bhattacharya, 2006).

The validity of the conclusion made above remains questionable for two reasons. First, it has been noted that returns from CSR is more complex across situations, hence not assured (Bhattacharya et al., 2009). Secondly, empirical studies about perceived value as a mediator, antecedent and consequence in the relationship between strategic proactivity and perceived CSR are scarce. The study of mediating, antecedence and outcome in relationships is referred to as interactive process. There have been calls for research into the interactive process that determines performance from CSR (Walker et al., 2010; Bhattacharya et al., 2009). Based on this, the nature of perceived value is explored.

2.5 Perceived Value

The concept of perceived value arises when value has been created and perceived. Value, as a concept, is vast and difficult to define. Questions about value started to gain prominence in the early 1800s in Germany through

the intensive scholarly debates about its nature, source and existence in the academia (Clawson & Vinson, 1978). A general definition of value was attempted by Woo (1992), where it was defined from the following angles; 1. As an aspect of what people see as being of true worth to them in the broad context of their well-being and survival. 2. As what a society collectively sees as important, regardless of whether or not such highly valued objects of consumption really contribute to their well-being. 3. as what individuals hold to be worthwhile and strive to possess or exchange for other products and services. 4. As the amount of utility that consumers see as residing in a particular object and they aim to maximize out of a particular act of buying or consuming.

Creating value takes more than acceptance of value maximization as the organizational objective. Companies cannot maximize value if they ignore the interest of their stakeholders (Jensen, 2001). In essence, in striving to create value for their shareholders, companies must be able to create value for stakeholders. In CSR, the idea of having companies spread value to stakeholders is referred to as the principle of “shared value” (Porter & Kramer, 2006). The central idea is that businesses must connect company success with social progress. It is defined as policies and operating practices that enhances the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities that the company operates (Porter & Kramer, 2006). However, in creating value for stakeholders, there is an issue of an impact factor. Impact factor implies the real effect that the value that companies claim to have provided on the lives of the stakeholders that receive those values. As value priorities differ, so does the impact that values will have on stakeholders.

It is important for businesses to understand that the separation of value created from CSR and the values embedded in the lives of stakeholders deprives CSR of its effectiveness. In essence, companies must be able to align the value that they create in society with the values of stakeholders for their contributions to be perceived. This alignment dictates how stakeholders evaluate the value created from CSR. In extant literature, it has been noted that stakeholders evaluate CSR initiatives according to how it aligns with their values (Bhattacharya et al., 2009; Green & Pelozo, 2011). What this implies is that stakeholders’ values need to be aligned within the provision of CSR initiatives for them to perceive value from it. This alignment determines perceived CSR, and has been proven to do so in CSR research (Luo & Bhattacharya, 2006; Bartel, 2001). In essence, the effective crafting and implementation of a CSR program is worthless if value is not perceived from it by stakeholders in community.

However, in exploring perceived value, it is important to outline the dimensions that define the value that is perceived. This is because value has diverse dimensions. Therefore, the dimension of perceived value, as used in this paper is outlined.

2.5.1 Perceived Value Dimensions

In CSR, Bhattacharya et al. (2009) has identified that stakeholders’ perceived value is driven by functional and psychosocial benefits. This categorization was generated from the functional, emotional and social dimensions as explicated by Sheth et al. (1991). However, perceived value has to do with the alignment of the value offered by a company with the values of stakeholders. In the Nigerian petroleum industry, oil companies claim to offer value based on sustainable development (SD) principles, which incorporate the triple bottom line (TBL) i.e. economic, social and environmental values.

The Triple Bottom Line (TBL) concept was developed as a means of ensuring the exploitation of the opportunities of today in a way that will not take away the opportunities of tomorrow through ensuring that there is a contribution of social, economic and environmental values by businesses to the society (Claydon, 2011; Aras & Crowther, 2009; Elkington, 2004). It is used as a tool for instilling CSR value into the society and has been widely adopted for the sustenance of business and society in the practical business sphere. For example, Shell adopted TBL in the first “Shell Report” (Elkington, 2001) as a means of showing their readiness to instil value through CSR. The TBL is also indicated in the corporate policy of ExxonMobil as the foundation upon which their contribution to society is built. Considering that the dimensions of TBL forms the means through which oil companies in Nigeria strive to instil CSR, the social, economic and environmental dimensions are explored as the dimensions of value in this paper. In furtherance of the aim of this paper to explore perceived value as an antecedent, outcome and mediator of the relationship between strategic proactivity and perceived CSR, extant studies in this area are explored.

2.5.2 Perceived Value, Strategic Proactivity and Perceived CSR

Clarkson (1995) argued that values and personal judgment are needed to answer fundamental CSR questions about who CSR is made for, what it is meant to achieve and what standards are used to assess CSR performance. What this implies is that in the course of implementing CSR initiatives, value judgment determines how stakeholders make attributions about CSR programs. In essence, stakeholders’ value perception determines how

they perceive the CSR implemented by business in society. When companies deploy CSR strategies, their ability to instil value and ensure the perception of that value may be a determining factor of the perception of their CSR initiatives by stakeholders.

Lee, Park, Rapert and Newman (2011) found that the value fit between consumers' value and the value provided by CSR initiative is antecedent to perceived CSR. This implies that the fit between the value provided by CSR initiative and the values specific to stakeholders enhances value perception and leads to the perception of CSR. Du, Battacharya and Sen (2007) explicated the statement above in their experiment which found that stakeholders that benefited from a dental hygiene based CSR program became aligned with the companies that provided the CSR program, especially when such companies were well positioned. By being well positioned, stakeholders perceived the value in their CSR initiative and built positive attributes around them, which moulded stakeholders' behaviours that reflected in positive outcomes for the company (Bhattacharya, Korschun, & Sen, 2009).

Though empirical studies about perceived value as a mediator, an antecedent and consequence in the relationship between strategic proactivity and perceived CSR are scarce, it has been noted that the creation of value for stakeholders determines how successfully the CSR strategy deployed by a company attains the aim it was created for (Bhattacharya et al., 2009). This is yet to be empirically verified by any study in the petroleum industry. This is a gap that this research is aiming to bridge. By exploring perceived value as an antecedent, outcome and mediator in the relationship between strategic proactivity and perceived CSR, it is expected that the interactive process approach will be adhered to, and the nature of outcomes (performance) from the implementation of CSR can be effectively deduced. Based on this, the following hypotheses are tested.

H2: Strategic Proactivity is Positively Related to Perceived Value Dimensions (Perceived Social Value, Perceived Economic Value and Perceived Environmental Value)

H3: Perceived Value Dimensions (Perceived Social Value, Perceived Economic Value and Perceived Environmental Value) are positively related to Perceived CSR

H4: Perceived Value Dimensions (Perceived Social Value, Perceived Economic Value and Perceived Environmental Value) Mediates the Relationship between Strategic Proactivity and Perceived CSR

H5: Perceived Value Dimensions (Perceived Social Value, Perceived Economic Value and Perceived Environmental Value) are positively related to each other

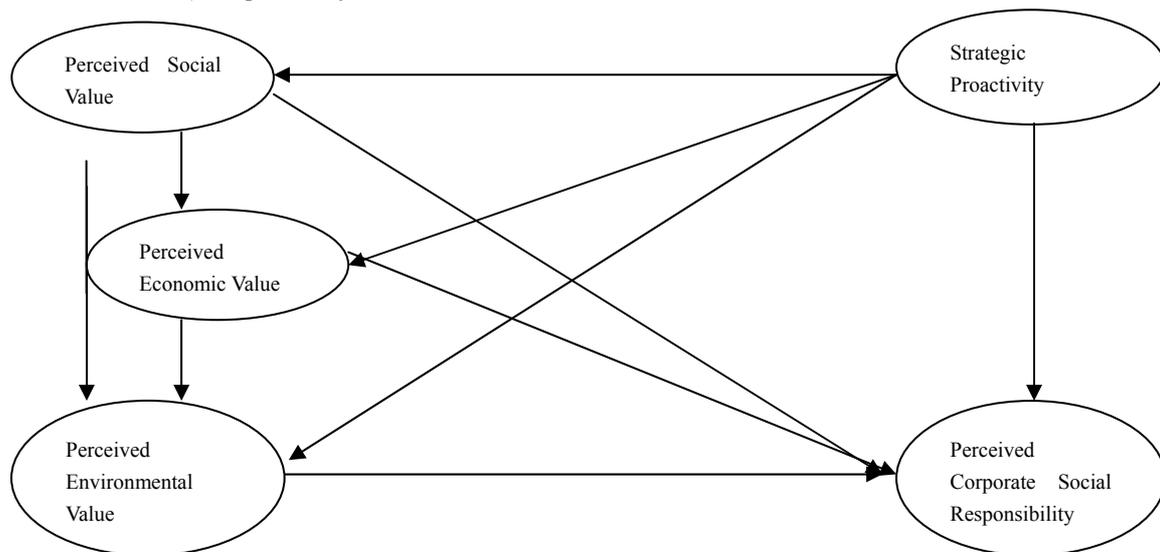


Figure 1. Conceptual model

3. Methodology

A quantitative research method was used in this paper. Quantitative research method deals with numbers and involves the quantification of data to aid inferences (Bryman & Bell, 2011). It incorporates statistical analysis (Malhotra, 2010). It involves a structured, statistical collection and analysis of data from a large number of representative cases to quantify data and generalize the result from a sample of the population of interest (Malhotra, 2010). According to Bryman and Bell (2011), the quantitative research method entails deductive

approach to the relationship between theory and research.

3.1 Measures

The constructs in this paper includes strategic proactivity, perceived value and perceived CSR. They were operationalized in a way that their relationship can be tested to provide the information needed in this research.

3.1.1 Strategic Proactivity Measures

The items for strategic proactivity that were used in this paper were adopted from the scales of strategic proactivity capability as used by Torugsa, O'Donohue and Hecker (2012). Torugsa et al. (2012) used quantitative data collected from a sample of 171 SMEs in the machinery and equipment sector of the Australian manufacturing industry to explore if all specified capabilities are positively associated with adoption of proactive CSR by SMEs, and if proactive CSR is, in turn, is associated with an improvement in a companies' financial performance. They measured strategic proactivity using three items from a previously validated scale developed by Aragon-Correa (1998). All items were presented as statements related to a company, against each of which respondents were asked to rate their level of agreement on a six-point scale (1 = 'strongly disagree' to 5 = 'strongly agree'). In their research, their factor scores were a weighted average of the three items using the standardised loading obtained from the second-order CFA. A high score was considered indicative of a high strategic proactivity capability. Their Cronbach alpha score was 0.720.

3.1.2 Perceived CSR Measures

To measure perceived CSR, the social responsibility dimension in the Italian Reputation Quotient (RQ) Research Project (Gardberg & Fombrun, 2002) is used in this research. RQ research project, which was described as a global project oriented to construct a database of reputation ratings that can inform research and practice, evaluated stakeholders' perceptions of company across 20 attributes that are grouped into six dimensions of reputation of organizations. The items for perceived CSR were adopted from the social responsibility dimension in the Italian RQ, which was developed by Fombrun, Gardberg & Sever (2000) to test stakeholders' perception about the social responsibility of companies. The social responsibility dimension was originally measured with 3 items, measuring the "feeling about the company", "admiration and respect towards the company", and "trust in the company". All the three items were rated based on a five-point scale (1= 'strongly agree' to 5= 'strongly disagree').

3.1.3 Perceived Value Measures

it was proven that the Oil Companies in the Nigerian petroleum sector employ the triple bottom line (TBL) practice as a means of implementing CSR and ensuring sustainable development of business and society (ExxonMobil Sustainability Report, 2012). In order to find out how stakeholders perceive value from their CSR initiatives, it is important to carry out this test based on how the company contributes to its communities. Measure for perceive value dimensions were adopted from Chow & Chen (2012).

Chow and Chen (2012) specifically developed items to empirically testing TBL as a sustainable development practice. Perceived value dimensions were measured by using the CSD scale that was developed by Chow and Chen (2012). All the items were presented to the respondents as statements related to an oil company, from which they rated their level of agreement on a five-point scale (1= 'strongly agree' to 5= 'strongly disagree'). These items were explored in three dimensions.

The first dimension, perceived social value, explored respondents' perception about company's contribution of social value to its communities, which included Oil Company's improvement of health and safety, its recognition and funding of community initiatives, its protection of the claims and rights of indigenes, its communication of environmental impacts and risks, and its consideration of interest of indigenes in investment decisions (Chow & Chen, 2012).

The second dimension, perceived economic value, explored respondents' perception about company's contribution of economic value to its communities. This included Oil Company's sales of waste products to protect local economy, its differentiation of oil production process to protect local economy, how responsible the company in meeting its payment obligations, and its collaboration with the government to protect its interests (Chow & Chen, 2012).

The third dimension, perceived environmental value, explored respondents' perception about company's contribution of environmental value to its communities. This included Oil Company's reduction of waste and emission, its reduction of impact on animal species and natural habitats, its reduction of environmental impact of its production, reduction of environmental accidents and embankment on voluntary actions to ensure

environmental restoration (Chow & Chen, 2012).

3.2 Target Population

The Niger-delta region was used to generate the target population in this paper. As was noted before, the region is responsible for 97% of Nigeria's total oil export revenue, and most of the oil companies in Nigeria generate their products from there (Uyigüe & Agho, 2007; Babatunde, 2012). The target population was the members of the host communities from which the oil companies in Nigeria operate and whose activities affect these oil companies.

However, it is not all the segments of the stakeholders in the host communities of oil companies that are responsible for disrupting the operations of these companies. Established reports have shown that the segment of the population that is mostly restive against these oil companies in their host communities are the youths and middle age adults (Chukwuemeka & Aghara, 2010; Adesope, Agumagu, Matthews-Njoku, & Ukpongson, 2010; Ogula, 2012). The Nigerian youth policy (2001) defines youths as Nigerians that are between the ages of 18-35. The focus of this paper was narrowed down to this segment.

There are about 29 million youths in the Niger-Delta region of Nigeria (International Youth Foundation, 2011). Considering the enormity of the cost and time needed to generate data from all the youths in this region, it became pertinent to generate a representative sample to reach the same goal. Moreover, the homogeneity in the composition of the youth councils has been noted to be similar (Ogula, 2012). As a result, the representative sample was drawn from Eket and Ibeno local government areas of Akwa Ibom state in Nigeria. The choice of Eket and Ibeno youth councils reflects the same purpose and aspirations of other youth councils in the Niger-Delta. The Eket and Ibeno youth councils exist in Akwa Ibom state, where the second largest oil producer in Nigeria functions i.e. ExxonMobil. As a result, they feel the full dose of the effects and consequences of the relationship between business and society in the Nigerian oil industry.

3.3 Sampling Method

To draw the sample, a systematic sampling method was used in this paper. In systematic sampling method, the elements of the population are put into a list and then every k th element in the list is systematically selected for inclusion in the sample. More specifically, there was a numbering of the units of the population frame from 1 to N (where N is the total population size), followed by the determination of the sampling interval (K) by dividing the number of units in the population by the desired sample size, then a selection of a number between one and K at random (this number is called *the "random start"* and would be the first number included in the sample), and finally a selection of every k th unit after that first number (Zikmund et al., 2010; Malhotra, 2010).

3.4 Data Collection

3.4.1 Pilot Test

Before collecting the main data for this paper, a pilot test was conducted. The aim for conducting a pilot test is to ensure that the items in the questionnaire are understandable, clear and readable (Zikmund et al., 2010). In addition, the pilot test also provides a foundation for the analysis and correction of potential flaws that may occur in the main study, which will help to enhance the quality of the data collected in the main study (Zikmund et al., 2010; Saunders et al., 2007). The feature of the pilot test is that it is smaller in size compared to the main test, and it precedes the main study (Zikmund et al., 2010; Saunders et al., 2007; Neuendorf, 2002). As a result, it is a practice that is vital for the refinement of the questionnaire for the generation of reliable and valid data. The pilot test was done with three pronged objectives. First, to evaluate how relevant and clear the questions were, secondly, to assess the flaws inherent in the design of the study in view, thirdly, to explore the reliability of the items in the questionnaire. Saunders et al. (2007) noted that the pilot study can serve as a means of assessing the reliability and validity of the questionnaire instrument.

The pilot test was carried out by spreading 100 questionnaires to 100 respondents that were generated using a snowball sampling method. All the respondents answered all the questions. To ensure the clarity and relevance of the questions, ten out of the respondents were singled out for an interview about their understanding of the questions. These ten respondents were made up of five respondents each from Eket and Ibeno local government areas. They were asked to explain the items in their own words, and their explanations reflected the exact aim of the items, thereby showing a high level of understanding and clarity of the questions. This provided face validity. Face validity aims to test how apparent the items are to the respondents (Lewis-Beck et al., 2004). The generated data was entered into SPSS for analysis.

From the pilot test, the demographic information obtained showed that 54% of the respondents were from Ibeno local government area, while 46% of the respondents were from Eket local government area. Within these

respondents, 61% of them were male, while 39% were female. In terms of highest educational qualification, 66% of the respondents had tertiary education qualifications, while 34% had secondary level educational qualifications. None of the respondents had primary school level education as their highest level of education. All the respondents were within the age range of 18-35 years old.

The pilot test shows that the skewness of the variables were reasonably close to normal because all of them were between -1.0 and +1.0. This indicates that they were within the critical normality range. In terms of kurtosis, there were slight deviations. Perceived CSR1 (-1.092) and Perceived Social Value 2 (-1.152) turned out figures that were beyond the -1 and +1 range in the rule of thumb for kurtosis. However, it has been argued that this rule of thumb is applicable under the condition where normality is critical. Moreover, there have been long standing arguments about the right range for skewness and kurtosis. For example, Tabachnick and Fidell (2001) suggested dividing a skewness and kurtosis value by their respective standard errors and evaluating coefficients with standard normal table of values (z scores). However, Tabachnick and Fidell (2001) made exceptions for large samples. Also, other ranges like -0.5 and +0.5 has been suggested (Garson, 2012). More conservative figures like -3 and +3 have been suggested in extant literature (Garson, 2012; DeCarlo, 1997). Based on this, the slight deviation from the critical point of -1.0 and +1.0 is acceptable. The values from the skewness and kurtosis suggest that normality can be assumed in the data distribution of this pilot test. Next, the internal consistency of the variables was explored.

The measure of internal consistency of the variables is used to explore how closely related a set of items are in representing a construct (Field, 2005). This is done through calculating for Cronbrach alpha (Cronbrach, 1951), which is the most common means of measuring for reliability (Field, 2005). The rule of thumb suggests that the reliability coefficient of 0.7 is considered acceptable and 0.8 is seen a better value for Cronbrach alpha (Field, 2005). The Cronbach alpha values for the variables in the pilot test showed a high level of internal consistency, which implies that they are reliable. Apart from perceived environmental value (PENV), all the Cronbach alpha values were greater than 0.80, which is a good value (Field, 2005). However, PENV showed a good reliability even though it is the poorest among all the constructs in terms of Cronbach alpha coefficient. According to Field (2005), poor reliability could result from one item affecting the overall reliability of a construct. To assess the impacts of the items on the overall reliability of a construct, there is a need to assess the "*Cronbach alpha if item deleted*" option. This is considered to be a very important option in calculating the values of Cronbrach alpha (Field, 2005). This option gives the researcher an idea of the value of Cronbrach alpha if an item is deleted. This option is applied to PENV to understand why the reliability was poor.

For PENV construct, the current Cronbach alpha is 0.793. An analysis of the impact of items on the overall Cronbrach alpha showed that Cronbach alpha would improve to 0.861 if PENV5 is deleted. What this means is that the poor reliability of PENV5 is weighing on the overall Cronbach alpha of PENV. It has been suggested that items that causes poor overall Cronbach alpha values should be deleted to improve reliability (Field, 2005). However, the increase is not considered to be dramatic or of a reasonable degree, especially as the overall Cronbach alpha has already produced a reasonable value. Moreover, the number of items used in the measurement model during confirmatory factor analysis is critical to the feasibility of this study. In addition, it was stated earlier that the pilot test is used for descriptive purpose. Major decisions cannot be taken at this point because the nature of Cronbrach alpha value could be subjected to the small sample size in this pilot test (Field, 2005). As a result, the decision to use the deletion strategy will be implemented if the same issue reflects in the main data collection.

3.4.2 Main Data Collection

To collect the main data, a systematic sampling method was used. A systematic sampling method is a method where a unit of sample is randomly drawn to determine the interval spacing of subsequent units for collection (Malhotra et al., 2010). The random drawing of the first unit was carried out by determining the needed sample size, 600 and dividing the sample size with the overall number of members in the membership register of Eket and Ibeno youth councils. There were 7, 271 members in the Eket youth council register and 10,729 members in the Ibeno youth council register. This amounted to 18,000 members in the membership registers. 18,000 was divided by 600 to generate a figure of 30. At interval, the 30th names in the registers were selected starting from the beginning. However, 100 more questionnaires were generated to cater for members that may randomly volunteer without being selected to take part in the test. The members that took part in the pilot test were exempted. In all, 700 questionnaires were produced and distributed.

Periodicities, like non-presence of selected members, were controlled for by ensuring that the most current list in the register was used. The register is frequently updated based on the level of activity of members in the youth

councils. Using a cross sectional data collection method, the questionnaires were distributed to selected members by inviting them to take part. This was done with authorization and collaboration from the leadership of the youth councils. Members of the youth councils saw credibility in the research when they were told that it was being conducted with authorization from their leaders. They willingly took part without compensations. Questionnaires were spread to them and collected on the spot with briefings and debriefings. In all, 623 questionnaires were collected.

After collecting data, data cleaning and screening was done. The main aim of data cleaning and screening was to ensure that the errors that may have occurred in data coding and entry are eliminated, in order to get the data ready for pre- screen test and actual statistical analyses. It is aimed at screening and cleaning issues with measurement scales, the restrictions of range, and issues of missing data, linearity and non-normality (Schumacker & Lomax, 2004). The mechanisms employed in SPSS statistics to clean and screen data included conducting the frequencies test, scanning actual raw data input and producing a data and column list table to detect possible errors (Field, 2009). After utilizing the SPSS statistical mechanisms to screen the data obtained for this test, it was discovered that the major issue that was inherent in the data was that of missing data. The next step taken was to identify the cases that had these missing data. There were three items that made up the cases of missing data. They include Q3, Q12 and Q20.

To tackle issues of missing data, list wise deletion was used. In listwise deletion, a case is dropped from an analysis because it has a missing value in at least one of the items. Analysis is carried out on only cases with complete data (Scheffer, 2002). After deleting the cases, there were only 591 usable data left for carrying out statistical analysis in this research. This represents 95% of the generated data. Based on this, this research proceeded to carry out a pre- screen test analysis. This is done in the next section.

3.5 Pre-screen Test

The quality of research is vital to the reliability and validity of the inferences derived from empirical results. A pre- screen test is conducted to enhance the quality of research. It is done to improve the quality of empirical research (DDS Research, Inc., 2004). In order to carry out this analysis in this research, a series of statistical tests were carried out. They include; non-response bias, common method variance (CMV), normality and multi-collinearity statistical tests.

In carrying out non-response bias analysis, an extrapolation method of time trends was employed (Armstrong & Overton, 1977). In this method, there is an assumption that respondents that filled the questionnaire late were similar to non-responders. Early and late respondents were compared on a range of the community groups of the respondents, and were related to the perceived CSR construct which revealed that no significant differences were found ($P < 0.05$). Based on this finding, there was support that non-response bias is a negligible problem in this paper.

To carry out a common method variance analysis, the Harman single factor test was employed because of its simplicity and also the fact that it is mostly applied in studies that apply a single method to collect data (Richardson et al., 2009). To apply the Harman single factor test in this research, all of the variables are loaded into an exploratory factor and the un-rotated factor solution was examined to determine the number of factors that are necessary to account for the variance in the variables (Andersson & Bateman, 1997; Aulakh & Gencturk, 2000; Greene & Organ, 1973; Organ & Greene, 1981; Schriesheim, 1979). The total percentage of variance was 29.735%. This is less than 50%, hence indicating that common method bias is not an issue in this research. If common method bias was an issue, a single factor will account for majority of the variance in the model

In testing the assumption of linearity, the scatter plots indicated that linearity assumptions were met because the residuals appeared to be randomly scattered and showed no patterns when plotted against the predicted values. There are two broad techniques utilized in the assessment of normality. They are the graphical and statistical techniques (Garson, 2013). The graphical technique includes the quantile quantile (Q-Q) plot and cumulative frequency (P-P) plots, while the statistical technique includes Kolmogorov-Smirnov (K-S) D test, Lilliefors test, Shapiro-Wilk test, Anderson-Darling test and Cramer-von Mises test (Garson, 2012; Park, 2008).

In the P-P plot of this paper, the observed variables formed around the expected variables, thereby implying normality. This was in line with the finding from the Q-Q plot graphical findings where the observed value clustered around the expected normal values, with alignments noticeable at most points in the middle. Based on this observation, normality was assumed from the Q-Q and P-P plots. This confirmed graphical normality. To further confirm this graphical normality, the result of the histogram is presented next.

Histogram is a graphical tool through which normality can also be assessed (Garson, 2012). This method

complements the P-P plot and Q-Q plot graphical methods. For normality to be inferred from a histogram distribution, the curve should be “Bell” shaped (Garson, 2012). The result of the histogram showed a bell shaped figure from the data distribution of this research. This implies normality. This further vindicates the findings from the Q-Q plot and P-P plot.

According to Garson (2012), a common rule of thumb for skewness and kurtosis is that their values should be within +1 and -1 when normality is critical. In this paper, the skewness was within the range at -0.555, while kurtosis was also within the range at -0.320. This implies that statistical normality can be assumed.

In carrying out the K-S test and the S-W test statistical test of normality, the null hypothesis states that the actual distribution of the variable is equal to the expected distribution (Ahad et al., 2011). This means that there is an assumption that the variable is normally distributed (Ahad et al., 2011). However, it has been noted that sample size is critical to adoption of any of the statistical tests of normality. For example, it was observed that S-W did not extend their samples beyond 50; hence a conclusion that S-W test requires 3 to 50 samples (Ahad et al., 2011). Based on the influence of sample size on the inferences made from statistical test of normality, Ahad et al. (2011) noted that it is possible for non-normal data to be seen as being normal when sample size is small, and for normal data to be seen as non-normal when data is large.

The result of the significance test for both K-S test and S-W test in this paper were $<.05$, which implies the non-normality of data. This contradicts the findings from the graphical analysis and the initial statistical analysis that has been carried out previously (skewness and kurtosis). The reason for this could be ascribed to the shortcomings of these tests. For example, the sample in this paper is 591, while S-W has been proven to produce non-normal data when subjected to a sample size that is over 200 (Ahad et al., 2011).

Field (2013) noted this impact of data size when he stated that; “.....as sample sizes get larger, the assumption of normality matters less because the sampling distribution will be normal regardless of what our population (or indeed sample) data look like. So, the problem is that in large samples, where we don't need to worry about normality, a test of normality is more likely to be significant, and therefore likely to make us worry about and correct for something that doesn't need to be corrected or worried about”. What this implies is that the sample size used in this paper may have influenced the outcome of the S-W statistical analysis of normality. With regards to K-S, it has been proven to be less powerful than S-W (Ahad et al., 2011). Also, it has been described as a traditional approach to statistical test of normality that should not be used if parameters have to be applied (Steinskog, Tjostheim, & Kvamsto, 2007). In fact, S-W has been recommended as a more powerful statistical test of normality than the K-S (Ahad et al., 2011; Steinskog et al., 2007).

Considering the shortcomings noted in the application of statistical test of normality, it is therefore not surprising that these statistical methods rejected normality even when the graphical technique showed normality and was supported by the values of skewness and kurtosis. Backed by adequate support for normality from the graphical technique and the support from skewness and kurtosis, this paper proceeded to test for multi-collinearity, bearing in mind that the shortcomings of the statistical test of normality has adequately justified the need to proceed. The outcome of multi-collinearity test showed that all the VIF values were <5.0 and all the tolerance values were >0.10 . In line with the rule of thumbs for VIF and tolerance values (Hair et al., 2003), this finding implies is that there is no issue of multi-collinearity in this research.

Based on the pre-screen test analysis being conducted, it can be seen that most of the outcomes where in tandem with the rules of thumbs guiding them. The only issue that arose was the non-normality result produced in the statistical test of normality, specifically the Kolmogorov-Smirnov (K-S) test and Shapiro-Wilk (S-W) test of normality. However, it was proven that this outcome may be a result of the number of samples used in this paper. Field (2013) noted that there is need to carry out other tests in order to provide support for normality. The outcomes of the graphical tests of normality along with the values of skewness and kurtosis confirmed the normality of the data. After extensively carrying out a pre- screen test, this paper proceeded to do a descriptive analysis.

3.6 Descriptive Analysis

The descriptive statistics revealed that 349 male respondents, representing 59.1% of the sample and 241 females, representing 40.8%, took part in this survey. This was a confirmation of the gender percentage obtained during the pilot study, where male respondents were in the majority. In terms of age, 100% of the respondents were within the age range of 18-35 years old. This could be a result of the clarity of instruction given to the respondents. It also confirmed the age range obtained during the pilot test. For the highest educational attainment of the respondents, 363 respondents has tertiary level education, representing 61.4% of the total population, while 225 respondents has secondary level education, representing 38.1% of the overall sampled population.

None of the respondents had the primary level education as their highest educational qualification. This showed that most of the members of these youth councils obtain secondary level education at least. 295 respondents were from the Eket youth council, representing 49.9% of the respondents, while 296 respondents were from Ibeno youth council, representing 50.1% of the respondents.

From the descriptive statistics, all items had a range of mean from 2.49 to 3.76, and the standard deviation ranged from 1.005 to 1.302. Along with the mean and standard deviation, the issues of skewness and kurtosis were also evaluated. As a rule of thumb, skewness and kurtosis within the range of +1 and -1 are considered to reflect normality (Garson, 2012). The values of skewness and kurtosis were within the specified range of skewness and kurtosis. The value of skewness were between +0.601 to -0.833, while the value of kurtosis were between +0.062 to -0.993. Also, when skewness value is within the +1 and -1, symmetry can be assumed (Garson, 2012). Considering the fact that the skewness and kurtosis were within the range of the rule of thumb, all the items were retained. Having gone through the descriptive statistics, this paper proceeded to assess the measurement scale.

3.7 Measurement Scale

3.7.1 Reliability

Almost all the constructs showed high internal consistency. However, the PENV construct have the lowest internal consistency value of all of the constructs. This occurrence confirmed the reliability result generated from the pilot test. Although, the rule of thumb for reliability stated that reliability of a construct can be accepted when the value is >0.7 (Nunnally & Bernstein, 1994), Field (2005) noted that reliability is considered very good when it is >0.8 . Also, there is also a possibility that the low internal consistency in PENV construct could be a result of the value of one item pulling down the overall value of the reliability of the construct (Field, 2005). As noted at the pilot study stage, the function of “*Cronbach alpha if item deleted*” is to check for cases like this.

The “*Cronbach alpha if item deleted*” for PENV5 was impactful on the overall reliability of the PENV construct. According to Field (2005), items become candidates for deletion when there is a significant difference between the reliability value of their construct when they are deleted and the value of the construct when they are still among other items. Currently, the Cronbach alpha value of PENV construct is 0.756. When PENV 5 is deleted, the Cronbach alpha value rose to 0.898. That is a significant leap from a moderate internal consistency to almost an excellent level as classified by Field (2012). Based on the need to ensure a good internal consistency for the PENV construct, it became pertinent to delete the PENV5 item. After deletion, the reliability for PENV construct was checked again to find out the impact on the internal consistency. After deletion, Cronbach alpha for PENV construct improved to 0.898, thereby signalling an improvement in the internal consistency of the construct.

3.7.2 Exploratory Factor Analysis (EFA)

A stepwise treatment was adhered to in carrying out this EFA. These steps include exploring correlation matrix, factor analysis via principal component analysis, the number of factors to be retained, factor rotation, and use and interpretation of the results (Rietveld & Van Hout, 1993). Preceding these steps was the test of reliability, which was carried out in the earlier section.

To start off, there is a need to mention the need to test the pre-conditions that influences the reliability of data before EFA. According to Field (2000), the variables must be measured at an interval level. The variables in this study were measured at a 5 point likert scale (1=Strongly Agree to 5=Strongly Disagree), which fulfilled this requirement. Secondly, the variables should have minimum normal distribution, so as the generalizability of the outcome of analysis to be ensured (Field, 2000). The variables showed normal distribution. Finally, because correlations are irressistant, sample size should be seriously taken into consideration (Field, 2000). A sample size of 591 respondents was used to analyze this research. All these work together in ensuring a reliable factor solution. Along with the sample size, the absolute magnitude of factor loadings is also ensured through this means (Field, 2000).

To check if sample is big enough in SPSS, Kaiser-Meyer-Olkin measure of sampling adequacy (KMO-test) was used. As a rule of thumb, sample adequacy is ensured when the value of KMO measure of sampling adequacy is >0.50 (Kaiser, 1974). KMO value was 0.865 which is greater than the 0.50 stated in rule of thumb. As a result, sampling adequacy can be assumed in this paper.

According to Field (2000), important condition in calculating the correlation matrix between pairs of variables is that the variables must inter-correlate, but they must not correlate too highly to avoid multi-collinearity. Bartlett's test of sphericity is used to test for this. According to Field (2000), Bartlett's test of sphericity examined a null hypothesis that states that the correlation matrix is an identity matrix. As a rule of thumb, a value of <0.05 is

considered to be significant, hence acceptable (Field, 2000). The Bartlett's test of sphericity in this paper is highly significant at 0.000. The significant value from this analysis leads to the rejection of the null hypothesis.

Five factors accounted for 76.125% of the total variance, which further indicated a need to retain these five factors. The decision to retain these factors is based on the fact that they accounted for more than 70% of total variance as indicated in extant literature (Field, 2000; Rietveld & Van Hout, 1999). The result of the rotated component matrix provided factor loadings that indicated that items that loaded into factor 1 were related to perceived social value (PSV). The items that loaded into factor 2 were related to perceived environmental value (PENV). Items that loaded into factor 3 represented perceived economic value (PEV), while factors that loaded into factor 4 represented perceived corporate social responsibility (PCSR). Factor 5 was loaded by items that represented strategic proactivity (SP). All these loadings reflected the constructs used on constructing the questionnaire of this research, and they loaded over the 0.50 mark that the factors were suppressed to. No item was omitted.

3.8 Confirmatory Factor Analysis

Table 1. Results from the measurement model (confirmatory factor analysis)

Constructs	Items	Factor Loadings	T-Values
Strategic Proactivity (SP)			
SP1	Oil Company is always looking for new opportunities, in very different areas in the petroleum industry, to contribute to your community	0.83	17.602
SP2	The main technology focus of Oil Company is on having leading flexible and innovative technology to reduce their negative effects on your community	0.82	17.389
SP3	Oil Company's planning systems are open and flexible to allow them to seize new opportunities to contribute to your community	0.73	**
Perceived Corporate Social Responsibility (PCSR)			
PCSR1	Oil Company supports good causes in the community	0.83	25.019
PCSR2	Oil Company is environmentally responsible in the community	0.88	26.749
PCSR3	Oil Company behaves responsibly to the indigenes of the community	0.89	**
Perceived Social Value (PSV)			
PSV1	Oil Company improved health and safety in community	0.82	21.756
PSV2	Oil Company recognized and acted on the need to fund community initiatives	0.84	22.196
PSV3	Oil Company protected claims and rights of indigenes	0.80	21.141
PSV4	Oil Company communicated its environmental impacts and risks	0.86	23.314
PSV5	Oil Company considered the interests of indigenes in their investment decisions through creating formal dialog	0.79	**
Perceived Economic Value (PEV)			
PEV1	Oil Company sold waste products for revenue to protect local economy	0.74	14.500
PEV2	Oil Company differentiates oil production process in consideration of local economy	0.87	16.109
PEV3	Oil Company is responsible in meeting their payment schedules	0.91	16.361
PEV4	Oil Company works with government officials to protect their interest	0.61	**
Perceived Environmental Value (PENV)			
PENV1	Oil Company reduced waste and emission	0.81	21.933
PENV2	Oil Company reduced impact on animal species and natural habitats	0.85	23.365
PENV3	Oil Company reduced the environmental impact of production	0.84	22.996
PENV4	Oil Company reduced environmental accidents e.g. oil spills	0.81	**

** Item was fixed for scaling purposes; therefore t-values are not available.

The distinctiveness of the five constructs was examined by using confirmatory factor analysis in AMOS 20 and the maximum likelihood method of estimation (Jöreskog et al., 2001). In line with Kline's (2011) recommendations, model adequacy was assessed using fit indexes describing the measurement. The process of confirming this goodness of fit (GOF) involves an examination of chi-square, the degree of freedom and the effect of sample size on statistical inferences (Hair et al., 2010). There is no single statistical test that has been described as the best in predicting a model's GOF. As a consequence, there have been developments of different types of measures that are used in combination to assess the results. The three GOF tools employed in this study include the absolute fit measures, incremental fit measures and parsimonious fit measure (Hair et al., 2006).

X^2 was 253.502, $p < 0.000$ which was unacceptable. However, the impact of sample size on X^2 has been noted in extant literature (Marsh & Balla, 1986; Buntler & Bonnett, 1980; Steven, 1996). It has been noted that a model stands the best chance of generating acceptable X^2 if it is tested against a smaller sample (Buntler & Bonnett, p.571). Complex models with large samples sizes (200 and above) are sometimes unfairly rejected (Marsh, Balla & Hau, 1988). The sample size of this paper is 623. Due to the influence of sample size on X^2 ; a variety of other goodness of fit indices has been developed to stem the effect of sample size on goodness of fit (Marsh & Balla, 1986). For example, it has been noted that RMSEA and CFI seem to be less sensitive to sample size issues (Fan, Thompson, & Wan, 1999).

In spite of the fact that X^2 was unacceptable, other goodness of fit indicators showed acceptable fit $X^2/df = 1.785$, GFI = 0.958, CFI = 0.983, RMSEA = 0.036 and AIC = 349.502. What this implies is that the sample size used in this paper had a considerable impact on the outcome generated from the chi-square test. Also, all the constructs showed high reliability (Strategic proactivity= 0.835; Perceived CSR= 0.899; Perceived Social Value= 0.911; Perceived Economic Value= 0.866; Perceived Environmental Value=0.898). As a rule of thumb, the reliability of the scales must be >0.70 or >0.80 for reliability to be assumed. At 0.80, reliability is ranked to be very good (Field, 2005). All these affirmed the convergent validity of this model. Table 1 illustrates the results of the confirmatory factor analysis.

3.9 Structural Model

Five main hypotheses were developed for this paper to explore ten direct and seven indirect relationships in which four main hypotheses with ten direct relationships were tested. The results of ten direct relationships were generated from the output of the structural model. Based on the statistical finding for the structural model, it can be seen that the goodness of fit output of the estimated model are $X^2 = 253.502$, $p < 0.001$, $X^2/df = 1.785$, GFI = 0.958, AGFI = 0.94, CFI = 0.983, RMSEA = 0.036 and AIC = 349.502. This means that the structural model demonstrated a good model fit in this paper. The results are shown in Table 2. From the table, it can be seen that the results statistically supported significance on nine out of ten hypotheses.

Table 2. Significance of construct relationships for the estimated model

Hypothesis	Relationship	Estimate	S.E.	C.R.	P	Standardized Estimates
H1	SP → PCSR	0.263	0.072	3.676	***	0.179
	I SP → PSV	0.316	0.61	5.204	***	0.247
H2	II SP → PEV	0.267	0.046	5.858	***	0.297
	III SP → PENV	0.132	0.060	2.203	***	0.102
	I PSV → PCSR	0.213	0.053	4.028	***	0.186
H3	II PEV → PCSR	0.350	0.082	4.265	***	0.214
	III PENV → PCSR	0.045	0.057	0.785	0.433	0.039
	I PSV → PEV	0.085	0.032	2.656	***	0.121
H5	II PSV → PENV	0.244	0.044	5.579	***	0.243
	III PEV → PENV	0.482	0.070	6.929	***	0.338

Next, the mediating impact was tested for seven indirect relationships. To test the mediating relationship, there is a comparison of a direct effect between two constructs while also including an indirect effect through a third construct (Hair et al., 2006). Full mediation is found when the direct effect becomes non-significant in the presence of the indirect effect, whereas partial mediation occurs when the direct effect is reduced but still significant (Hair et al., 2006). The rule of thumb is that indirect effects must be greater than 0.08 to be considered significant (Hair et al., 2006). The result of the indirect effects in this paper is shown in Table 3 as below.

Table 3. Result of mediating relationship for the estimated model

Hypotheses	Hypothesized Model	Mediating Impact
H4	I SP → PSV → PCSR	No Mediation (0.05)
	II SP → PEV → PCSR	No Mediation (0.06)
	III SP → PENV → PCSR	No Mediation (0.004)
	IV PSV → PEV → PENV	No Mediation (0.04)
	V SP → PSV → PENV	No Mediation (0.06)
	VI SP → PEV → PENV	Partial Mediation (0.1)
	VII PSV → PEV → PCSR	No Mediation (0.03)

All the mediating relationships were insignificant except SP → PEV → PENV, where perceived economic value (PEV) mediated the relationship between strategic proactivity (SP) and perceived environmental value (PENV). However, it was a partial mediation because the relationship between strategic proactivity (SP) and perceived environmental value (PENV) was significant.

In SEM, it is not particularly satisfactory to analyze a single model, but more appropriate to analyze several competing models and compare the results (Hair et al., 2010). It is often recommended that researchers compare the fit of their model to alternative models. A chi-square difference test can be conducted using chi-square values and degrees of freedom from any two nested models. A nested model is a model that uses the same variables as another model but specifies at least one additional parameter to be estimated. Also, the model could be with fewer restrictions or more free parameters, which is called a reduced model, and could be nested within the more restricted model, which is called the full model (Hair et al., 2010).

In this paper, the objective of exploring a competing model strategy is to compare the estimated model with a number of alternative model/s in an attempt to demonstrate that no better-fitting model exists (Schermelleh-Engel et al., 2003; Hair et al., 2006; Ojha & Gokhale, 2009). The procedure entails alternative models that are then assessed and selected on the basis of which model more appropriately fits the observed data and theory (Hershberger et al., 2003). To generate a competing model, the direct relationship that was not supported was deleted from the estimated model (Hair et al., 2010). In doing this, **H3** (III) was deleted and the alternative model emerged.

The competing model exhibited better fit indices that supported a decision to accept it. As a result, the competing model is adopted in testing the proposed hypothetical model in this research. The results of goodness of fit for competing model were $X^2 = 253.502$, $p < 0.001$, $X^2/df = 1.777$, $GFI = 0.956$, $AGFI = 0.944$, $CFI = 0.985$, $RMSEA = 0.036$ and $AIC = 348.118$. This was better than the goodness of fit output of the estimated model ($X^2 = 253.502$, $p < 0.001$, $X^2/df = 1.785$, $GFI = 0.958$, $AGFI = 0.94$, $CFI = 0.983$, $RMSEA = 0.036$ and $AIC = 349.502$).

The summary of the results generated from the tested hypotheses for the competing model are shown in Table 4. In line with the significance level used for the estimated model, the level of significance for the relationships tested in the competing model were based on two tailed Z tests with $\alpha=0.05$ and $C. R= 1.96$.

Table 4. Summary of results from hypotheses testing for the competing model (test of significance)

Hypothesis	Relationship	Estimate	S.E.	C.R.	P	Standardized Estimates
H1	SP → PCSR	0.265	0.072	3.687	***	0.181
	I SP → PSV	0.328	0.61	5.401	***	0.256
H2	II SP → PEV	0.302	0.045	6.61	***	0.335
	III SP → PENV	0.297	0.060	2.203	***	0.102
	I PSV → PCSR	0.227	0.051	4.444	***	0.198
H3	II PEV → PCSR	0.376	0.077	4.877	***	0.231
	III PENV → PCSR	Deleted from this model				
	I PSV → PEV	0.243	.032	2.656	***	0.121
H5	II PSV → PENV	0.269	0.043	6.270	***	0.271
	III PEV → PENV	0.532	0.068	7.838	***	0.376

*** Significant at 0.05 level (two-tailed)

Due to the removal of **H3** (III) in the competing model, the mediating relationships were tested again for possible mediating relationships. The result for the mediation effects are presented in Table 5.

Table 5. Results of mediation effect in competing model

Hypothesis	Hypothesized Relationship	Mediating Impact	
I	SP → PSV → PCSR	No Mediation (0.06)	
H4	II	SP → PEV → PCSR	Partial Mediation (0.08)
	III	SP → PENV → PCSR	Deleted from model
	IV	PSV → PEV → PENV	No Mediation (0.00)
	V	SP → PSV → PENV	No Mediation (0.07)
	VI	SP → PEV → PENV	Partial Mediation (0.12)
	VII	PSV → PEV → PCSR	No Mediation (0.04)

Mediation Significant at > 0.08

From Table 4, it can be seen that the results of all the direct relationships proved significant (except PENV → PCSR in which the hypothesis was deleted due to the insignificant relationship as indicated in the estimated model). In terms of indirect relationship as indicated in Table 5, **H4** (I, IV, V and VII) showed no mediation. However, in **H4** (II), perceived economic value (PEV) proved to be a partial mediator of the relationship between strategic proactivity (SP) and perceived corporate social responsibility (PCSR). It was a partial mediator because whereas the relationship between SP → PEV → PCSR was sizeable, the relationship between SP → PCSR was significant. Also, there was a partial mediating impact of PEV on the relationship between SP and PENV in **H4** (VI). This implies that whereas the relationship between SP → PEV → PENV was sizeable, the relationship between SP → PENV was significant.

4. Discussion

The outcome of test of hypothesis one of this research confirmed that strategic proactivity by Oil Company generates the perception of the CSR initiative of the stakeholders' in its host communities. Just as stated in extant literature, strategic proactivity CSR by company generated recognition of social responsibility for the company. In line with the context of this research, it can be concluded that the reason for the frequent conflict between the Oil Company and the members of its host community is not related to the non-perception of the CSR initiatives implemented by the company.

It was also found in hypotheses two that strategic proactivity by oil companies is related to perceived value dimensions. Strategic proactivity was significantly related to perceived social value and perceived economic value, while the relationship between strategic proactivity and perceived value was significant but to a very moderate level with a weaker Z value (2.225) and closeness to the critical region (0.05). What this implies is that strategic proactivity by Oil Company generates more perception of social and economic value than environmental value for the stakeholders in their host community. It also means that the Oil Company may not be doing enough to instil environmental value for the stakeholders, which could explain why its CSR initiative is not well perceived.

The outcome of hypothesis three found that almost all stakeholders' perceived that value dimensions are related to perceived CSR except perceived environmental value. Perceived social value and perceived economic value were significantly related to perceived CSR, while the relationship between perceived environmental value and perceived CSR was not significant. This implies that the perception of the environmental value instilled by oil company is not perceived as social responsibility by the company. This is understandable considering that the enormity of negative environmental impact by the company subdues the CSR contributions that the oil company claims to be making to the environment. As was noted by Frynas (2005), most of these environmental contributions are perceived as a reactionary strategy by the company, and reactionary CSR strategy has been noted to generate negative perception from stakeholders (Groza et al., 2011; Ellen et al., 2000).

The outcome of hypothesis four found that perceived social value and perceived environmental value did not mediate the relationship between strategic proactivity and perceived CSR; however, perceived economic value partially mediated the relationship between strategic proactivity and perceived CSR (based on the statistical finding from the competing model). This implies that although the relationship between strategic proactivity in

the implementation of CSR and stakeholders' perception of CSR is highly significant, the implementation of economic value by Oil Company can enhance the relationship. This is evident in the fact that when the stakeholders are compensated with economic contributions by oil companies, they tend to allow more cordial operating environments. However, this is only for a short term (Frynas, 2005). In addition, the outcome of the hypothesis four that tested via estimated model also indicates perceived economic value partially mediated the relationship between strategic proactivity and perceived environmental value. However, the mediating value was very high (Mediation $0.12 > 0.08$). This high mediation shows that the impact of strategic proactivity of oil companies on the perceived environmental value of stakeholders is significant when economic value is perceived by them.

The outcome of hypothesis five found that there is a direct positive relationship between perceived social value and perceived economic value, between perceived social value and perceived environmental value and between perceived economic value and perceived environmental value. These findings provide an important insight pertaining to the relationships between the dimensions of the perceived value.

5. Research Implications and Recommendations

The theoretical implication of this paper was in the evaluation of the impact of strategic proactivity on perceived CSR, and the mediating, antecedent and outcome of perceived value on the relationship. It was discovered in the findings that strategic proactivity was positively related to perceived CSR. This finding reaffirmed the findings in extant literature (Becker-Olsen et al., 2006; Ricks, 2005; Ellen et al., 2000). It advanced an understanding of CSR theory with respect to the nature of perceived CSR in the Nigerian petroleum industry context, which has not been explored in the past. This is in-line with the calls for an understanding of the context specificity of CSR as indicated in CSR definitions (Gjolberg, 2009; Freeman & Hasnaoui, 2011). Also, the discovery that perceived economic value was low indicated that the reason behind the anger of stakeholders in the host-communities of oil companies could be related to the destruction of their environment. This indicates the need for more research on the impact of environmental degradation and perceived environmental contributions on the sustainability of business and society in the Nigerian petroleum industry. This has important theoretical implications as it will guide policy decisions.

The practical implication is that managers of Oil Companies in Nigeria should know that their adoption of strategic proactivity in the implementation of CSR is significantly perceived by the stakeholders in their host communities. It is therefore important for them to take advantage of this perceived CSR to enhance their relationship with their stakeholders so as to ensure sustenance in their business and society. In essence, they should avoid any situation that will entail the employment of strategic reactivity and focus more on enhancing their strategic proactivity in CSR. Also, they should know that the instilment of economic value is an important mediator in the interactive process between their use of strategic proactivity in the implementation of CSR and the perception of CSR by the stakeholders in their host-communities. Most importantly, the managers must aware that the relationship between strategic proactivity and perceived environmental value was significantly mediated by perceived economic value. So, even though efforts should be focused on enhancing environmental value, current efforts should be focused on instilling economic value as a means of reducing stakeholders' antagonism in the short time.

Methodologically, there is rarely any study that has taken an interactive process approach in studying the relationship between strategic proactivity and perceived CSR. In taking an interactive process approach, especially in a quantitative research study like this, it is pertinent to take a statistical method that can handle a complex model. The model generated in this study is complex, hence the adoption of structural equation modelling (SEM) in this research. The implication of using SEM is that it has made it possible to simultaneously explore the antecedents to perceived value and perceived CSR, as well as the outcomes of strategic proactivity and perceived value. By doing this, it became possible to identify the weakness of oil companies' current CSR efforts in not instilling adequate environmental value and the partial mediating role of perceived economic value in this relationship. This opens up an opportunity for these oil companies to enhance their performance by generating positive outcomes from their CSR. It reflects the performance based perspective of CSR as sought after by this paper.

6. Limitation of Study

The use of a cross-sectional research design may have limited the ability to effectively control periodicities. There could have been periodic factors that may have required a more longitudinal approach to tackle. However, attempt was made to limit this issue of periodicity by using a systematic sampling method. The systematic sampling method provided the needed randomness in sampling, and the generation of only few missing data

implies that this issue of periodicity was tackled. Also, the nature of perceived CSR from reactive implementation of CSR was not captured in the scope of this study. It will be important to explore strategic reactivity in CSR just as strategic proactivity was studied. This may provide further insight about the nature of CSR implementation and outcome. It will also provide further understanding of the nature of the relationship between Oil Companies and the stakeholders in their host communities.

7. Conclusion

This research set out to explore the relationship between strategic proactivity, perceived value and perceived CSR. In doing this, an interactive process approach, which was proposed in extant literature, was adhered to. The focus on the interactive process approach made it possible for the antecedents and outcomes to the relationships to be explored through direct and mediating relationships. This also led to the discovery of the weak points of oil companies in the implementation of their CSR initiatives. This approach enhanced theoretical understanding about how oil companies in the Nigerian petroleum industry generates outcome, hence generate performance from their implementation of CSR.

Results showed that stakeholders' perceived environmental value was very low and their perceived economic value was discovered to have partial mediating effects. The recommendation made in this research is for these Oil Companies to improve their instilment of environmental value, while using social value as a tool for generating short term cushioning effects, especially when their sustainability is seriously threatened. These findings have created an understanding of the nature of outcomes from the implementation of CSR in the context of the petroleum industry in Nigeria. With this, the possible means of generating performance has been seen in the ability of company to improve their protection and enhancement of the environment within which they function, and the need to strategically use economic value as a means of compensating stakeholders in the short term. With these findings, this research made a considerable contribution and advancement to literature.

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