

**GHANA INSTITUTE OF JOURNALISM**



**CORPORATE GOVERNANCE, CORPORATE SOCIAL RESPONSIBILITY AND  
CORPORATE SUSTAINABILITY: THE MODERATING ROLE OF TOP  
MANAGEMENT COMMITMENT**

**BY:**

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**(MADC20080)**

**A PROJECT WORK SUBMITTED TO THE SCHOOL OF GRADUATE AND  
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## DECLARATION AND CERTIFICATION

I, Richard Nana Amoako, hereby declare that this thesis titled '*corporate governance, corporate social responsibility and Corporate sustainability: the moderating role of top management commitment*' is my own work and has not been presented for a degree in any other university, and all materials used in this thesis have been duly acknowledged.

.....

.....

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DATE

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## SUPERVISORS DECLARATION

I hereby certify that this project work was done under my supervision. I thereby approve that the work is adequate in scope and quality for the partial fulfilment of the requirements for the award of a Master's of Art in Development Communication.



.....

DR. IKE TANDOH  
SUPERVISOR

DATE

## **DEDICATION**

This dissertation is dedicated to my mentor, friend, and Godfather Desmomd Bugbilla (PhD) of GRA Customs division whose immense contribution made my study at GIJ possible. I will forever be grateful sir! I also dedicate this to my son Derick Nana Amoako Jnr. and my daughter Melissa Eynam Amoako. I get so much inspiration from you guys; it feels so good having you both as my children.

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## ABSTRACT

Today's businesses have moved beyond the traditional view of profit maximization, and now focuses on organizations' contributions to society and the environment, which has resulted in the emergence of corporate social responsibility and corporate sustainability. Despite recent interest in corporate social responsibility and corporate sustainability, there is dearth of studies that have attempted to link corporate social responsibility and corporate sustainability. This study therefore investigates the influence of corporate social responsibility on corporate sustainability with the mediating role of corporate governance. By employing survey questionnaire, data was collected from 397 employees of SMEs in Ghana. Data was analysed via structural equation modelling using *Amos 24*. The findings of this study indicate mixed relationships between of the various corporate governance indices and the dimensions of corporate social responsibility. Board composition, board size, institutional ownership and CEO- Chair duality had varying influence on economic, environmental and social dimensions of corporate social responsibility. In addition, the moderating role of top management commitment was confirmed for the relationship between environmental dimension of corporate social responsibility and corporate sustainability but was however not confirmed for the economic and environmental dimensions. These results have important implications for theory and for practice. Based on this result, it was concluded that, corporate governance systems exhibit varying their interactions with corporate social responsibility dimensions which may be due to changes in the national and institutional framework as well as economic conditions and the type of industry.

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# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of Study

Today's businesses have moved beyond the traditional view of profit maximization and have restructured their operations to place a greater emphasis on the impact of their operations on society and the environment (Ashrafi et al., 2020). As a result, organizations are identifying ways to implement strategies that will result in a positive and sustainable relationship with stakeholders (Lozano, 2015). This shift in emphasis away from profit objectives and toward organizations' contributions to society and the environment has resulted in the emergence of corporate social responsibility and corporate sustainability (Ashrafi et al., 2020)

Corporate social responsibility (CSR) has been described as is a way of showing a corporation's concern and commitment towards society (Ashrafi et al., 2018) and emphasizes on responsibilities of corporations beyond what the law or legislation requires them to do (Pintea, 2015). CSR aims to maximize the shared value of both shareholder's and stakeholders (Carroll et al., 2015). CSR is important for the growth and development of organizations, empowerment, and improvement of the living standards of the community as well as contribute to the development of inhabitants in the community (Amoako, 2017). CSR can also contribute to the improvement of brand evaluation and corporate image (Martínez et al., 2014). With increasing competition and the necessity for businesses and organizations to be perceived as honest and socially conscious, CSR is longer seen as a choice but as an essentiality (Arrive et al., 2019).

Literature is replete with studies of CSR, examining its activities and typologies. CSR has been found to be achieved through various practices, such as ensuring good corporate citizenship, maintaining strong corporate governance, reporting on corporate performance, making socially responsible investments, and behaving ethically in a general sense (Ashrafi et al., 2018)

Incorporating CSR into corporate strategy ensures that the company continues with the implementation of CSR activities even when there are changes in the organization, and thus presents a tremendous opportunity for development, a development enshrined in corporate sustainability (Arrive et al., 2019). Furthermore, the implementation of CSR includes measurements of social commitment and sustainability (Abad-Segura et al., 2019).

Corporate sustainability (CS), described as organizations' efforts to balance social, economic, and environmental goals (Henry et al., 2019), is an important emerging concept. The incorporation of sustainability practices into an organization's operations not only increases the organization's competitive advantage (Cantele & Zardini, 2018) but also enables the organization to maintain a leadership position of excellence in the sector in which they operate (Ashrafi et al., 2018) . CS establishes long-term shareholder and stakeholder values for corporations (Dyllick & Muff, 2016) and can be defined as the application of sustainable development at the micro-level, i.e., the corporate level; this includes a corporation's short- and long-term economic, environmental, and social performance (Dyllick & Muff, 2016; Hahn et al., 2017). However, the concept of CS remains vague (Meuer et al., 2019). It is therefore important to examine the factors that could drive this concept.

Within the last two decades, the concepts of corporate social responsibility (CSR) and corporate sustainability (CS) have garnered attention from both scholars and practitioners (Ashrafi et al., 2020), with increasing recognition of the importance of CSR on sustainability (Abad-Segura et al., 2019). Even though scholars have divergent conceptualizations of both CSR and CS (e.g. Bansal & Song, 2017; Montiel & Delgado-Ceballos, 2014), both CSR and CS provide necessary guidance to organizations maintain or enhance their profitability while improving their performance towards society and the environment (Ashrafi et al., 2018). It is therefore important to examine how these two concepts interact within Ghanaian businesses.

Corporate governance, defined by a collection of mechanisms, including institutional arrangements, decision-making systems, and organizational design, which proposes methods for safeguarding stakeholders' legitimate rights and prescribing the responsibilities that must be assumed as assigned by clients (Hu et al., 2018), has been attracted the attention of both scholars and business as it defines what companies ought to be run, directed and controlled (Al-thuneibat et al., 2016). Corporate governance also has implications on firm performance (Bhatt & Bhatt, 2017; Ciftci et al., 2019) and corporate reputation (García-Meca & Palacio, 2018). Furthermore, strong corporate governance has been shown to mitigate agency problems and encourage managers to operate properly (Terjesen et al., 2015).

It is therefore importance to examine the interrelationships between corporate governance, CSR and corporate sustainability as these constructs will contribute to the knowledge on their effects and would also enable businesses to churn out strategies to achieve a competitive advantage within this global competitive business environment.

## **1.2 Statement of the Problem**

Even though research on CSR and CS has increased over the last two decades, there have been calls to expand our understanding of these concepts. Ashrafi et al. (2018) called for additional research to examine how the concepts of CSR and CS are connected to corporate activities to ensure consistency and accuracy when addressing various issues. Additionally, they requested research into the motivations and obstacles that organizations face when implementing these concepts. Furthermore, Ashrafi et al (2020) suggested that future studies should examine best industry-specific practices that relate to CSR and CS to contribute to the understanding and adoption of appropriate strategies to benefit all stakeholders. However, empirical studies linking CSR to CS are scarce (Camilleri, 2017).

Even though prior studies have illustrated the connectivity that exists between CSR and corporate sustainability (e.g., Arrive et al., 2019), other factors that may influence this relationship have not been well discussed. Board of Directors, who are part of the corporate governance structure of organizations have been known to influence CSR disclosures (Fuente et al., 2016). However, there are limited studies that link CSR, corporate governance, and corporate sustainability. In support of this, Abad-Segura et al. (2019) called for further studies to examine the role of the composition of an organization's Board of Directors on the actions on sustainability.

Studies on corporate governance has gained prominence within the last decade (Al-thuneibat et al., 2016) and a study by Hussain et al. (2018) revealed that most corporate governance characteristics contributed significantly to a firm's environmental and social sustainability performance across all industries. However, additional research is necessary to determine the effect of corporate governance on CSR and the associated CS. Park et al. (2019) therefore called for further studies to incorporate other characteristics in corporate governance, such as board structure into the research into CSR research. Despite these suggestions, there is dearth of research that relate corporate governance relationship with CSR (Stuebs & Sun, 2015).

The implementation of CSR as well as sustainable practices have been found to be fraught with several challenges such as lack of top management commitment (Goyal & Kumar, 2017); lack of CSR knowledge (Goyal & Kumar, 2017; Raut, 2018); lack of resources (Bux et al., 2020; Zou et al., 2021); complexity of CSR issues (Goyal & Kumar, 2017); lack of regulations (Bux et al., 2020; Zou et al., 2021)), high cost of CSR initiatives (Zhang et al., 2018) and indifference on the part of customers (Bux et al., 2020; Zou et al., 2021). Even

though studies have been done within an emerging market context, there has been calls to explore CSR constraints in other geographical areas (Zou et al., 2021). This study therefore explores how lack of top management commitment moderates the relationship between CSR and CS.

Furthermore, most studies that have examined the link between CSR and CS appear to be limited to developed economies and some Asian countries. In support of this, a bibliometric review of articles on the influence of board on CSR by Dwekat et al. (2020) revealed that over 67 percent of academic articles are published in industrialized countries, primarily in Spain, the United States, China, Australia, and the United Kingdom and therefore called for future studies to be conducted in underdeveloped countries where research on board characteristics and CSR sector is still rather scarce. However, in Africa and in extension, Ghana presents a unique social-economic and environmental milieu and therefore presents a unique context for the examination of the conceptual linkages between CSR, corporate governance, and CS.

### **1.3 Objectives of the Study**

This study seeks to examine the influence of CSR on CS with the mediating role of corporate governance. Specifically, this study aims to achieve the following objectives:

- i. To ascertain the influence of corporate governance on CSR activities
- ii. To examine the influence of CSR on CS
- iii. To find out how top management commitment poses a constraint on CSR implementation in the selected institutions

## **1.4 Research Questions**

Following the research objectives, the study will seek to address the following research questions:

1. What is the influence of corporate governance on CSR activities?
2. Does CSR have an influence on corporate sustainability?
3. What are the moderating effects of top management commitment on the relationship CSR and CS?

## **1.5 Justification/ Significance of Study**

The study attempts to fill the paucity of the empirical literature on the linkage between CSR and CS within a developing economy such as Ghana. This, therefore, contributes to the extension of the literature on CSR and CS. For practitioners, the examination of the various aspects of CSR and its influence on CS is crucial for the development of an effective corporate as this study would highlight the key factors that drive CS.

## **1.6 Scope of the Study**

This study seeks to examine the factors that influence the CSR activities on CS. It will further examine how corporate governance links CSR and CS. The study will focus on the staff of some SMEs of firms in Accra, the capital of Ghana.

## **1.7 Organization of Study**

This thesis will be structured into five chapters. Chapter one provides the background to the research, research problem and the objectives of the study. The chapter will further give the potential contributions of the study to knowledge and practice and then highlight the scope of the study. Chapter two provides an overview of theories and a review of empirical literature

that have characteristically underpinned CSR and d CS research. This is to examine the current state of literature to identify existing gaps this thesis seeks to fill and then develops the hypothesis and the conceptual model. Chapter three discussed the research methodology by highlighting the research strategy to be employed, sampling method and procedure, questionnaire development and the scales to be used as measures for the various constructs. The research design, study population, data management and statistical analysis will also be highlighted in the third chapter. Chapter four then presents the analyses and results of the research findings. Chapter five then presents a discussion on the findings, the theoretical and practical implications, as well as limitations of the study. The chapter will conclude by identifying potential areas for future research.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This section of the research study will present a review of existing concepts of CSR, corporate sustainability and governance. This section was rounded off by presenting a theoretical background and a conceptual framework developed by the author through review of literature.

#### **2.1 The evolution of the concept of Corporate Social Responsibility (CSR)**

The concept of corporate social responsibility dates all the way back to the 1920s, when it was incorporated into the concepts of corporate philanthropy, social give-back, codes of conduct, community service, and business executives as public trustees (Frederick, 2006). However, the notion of CSR did not gain traction among large firms until the 1950s, owing to the 1930s Great Depression and World War II in the 1940s (Carroll & Shabana, 2010). Nonetheless, CSR came to prominence in 1951, when Frank W. Abrams, a former executive for Standard Oil Company of New Jersey, proposed that enterprises should be held accountable for their activities to society and that business managers' should manage the enterprise in their care in such a way that an equitable and workable balance is maintained between the claims of the many interested groups: investors, employees, customers, and the general public. (Ashrafi et al., 2020) .

The modern era of CSR was been attributed to Howard R. Bowen's 1953 publication which created the groundwork for corporate social responsibility by urging business leaders to seek policies and adopt decisions and activities that are desirable in terms of the society's objectives and values (Abad-Segura et al., 2019). After the introduction of CSR concept in 1950s, the concept of CSR continued to develop and expand through the years with the development of

several CSR models to elaborate the respective roles and responsibilities of corporations towards shareholders (stockholders) and stakeholders (Ashrafi et al., 2018).

During the 1950s and 1960s, the focus of CSR was primarily on business responsibilities to society and acting in a socially responsible manner, and less so on how CSR could benefit the business (Carroll & Shabana, 2010). However, in the late 1950s, CSR-related activities were criticized for being ambiguous and that the purpose of businesses should be to maximize profits for shareholders while adhering to basic social rules and avoiding activities that are expected to be carried out by government or that could divert managers' attention away from profit-generating tasks, or the potential for misappropriation of shareholders' funds (Ashrafi et al., 2020).

Within the 1960s and 1970s, there was rise in the recognition within organizations about the specific societal problems arising from social, environmental and community issues as well as the focus on philanthropy and a noticeable manifestation in charitable donations (Camilleri, 2017). Therefore, much focus on CSR activities were geared towards philanthropic activities.

The 1980s and 1990s witnessed a continued shift within the CSR literature away from an ethics orientation to a performance orientation, and from a macro level to a micro level (i.e., the corporate level) (Carroll & Shabana, 2010). Moreover, the inclusion of environmental aspects of corporations into CSR gained more widespread recognition during the late 1980s (Ashrafi et al., 2020). By the end of the 1990s, CSR researchers were integrating a focus on a tighter coupling between the economic and social performance of corporations (Ashrafi et al., 2020). Thus, the CSR emerged as a response from large companies to a growing social and corporate concern with the intention of addressing certain issues, which included social, environmental and consumer interests (Ruggiero & Cupertino, 2018).

The contemporary understanding of CSR, emphasizes on responsibilities of corporations beyond what the law or legislation requires them to do (Pintea, 2015) into a more holistic view of social, environmental, and economic responsibilities (Ashrafi et al., 2018). Additionally, CSR has been integrated into strategy literature since 2000, with the goal of increasing corporate responsibility toward a diverse range of stakeholder groups, including shareholders, civil society, and the environment (Ashrafi et al., 2020).

Sarkar and Searcy (2016) described the evolution of the concept of CSR into three periods. The first being the idea period that spans from 1953 to 1982 where CSR was built around the notion that ‘firms have not only economic and legal obligations but also certain social responsibilities that they should meet voluntarily’. The second period (1983–2002) witnessed ‘an increase use of ethics-related terms’ as environmental, sustainability, and stakeholder concerns were also highlighted. In the third period (2003–2014), environmental, stakeholders, and ethical considerations continue to form a core component of the description of CSR (Sarkar & Searcy, 2016).

In summary, the concept of CSR has moved from more of a social/philanthropic focus into a more holistic view of social, environmental, and economic responsibilities (Ashrafi et al., 2018; Sarkar & Searcy, 2016). This is an important concept for both academician and practitioners as CSR has been found to have a significant impact on business image revalorization with employees and customers and creates an internal dynamic to the company's internal image and as a strategy makes it possible to provide a positive image towards the customers' external image (Arrive et al., 2019). CSR has been widely adopted as business strategy to enhance corporate image and reputation(Arrive et al., 2019)

## **2.2 Definitions of CSR**

Despite abundance of research on the concept of CSR, there is yet to be a universally accepted definition (Matten & Moon, 2008; Sarkar & Searcy, 2016). Frederick (2006) argues that the operational meaning of CSR is supremely vague.

A review of definitions from peer-reviewed journals, books, and non-academic publications from 1953 to 2014 by Sarkar and Searcy (2016) identified 110 definitions of CSR. Another analysis of the definition of CSR by Dahlsrud (2008) also identified 37 definitions of CSR from 1980 to 2003 and concluded that 'the definitions are predominantly congruent'

In earlier definition, Bowen (1953) defined CSR as the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society. Frederick (1960) also defined CSR as the responsibilities of the businessman to oversee the operation of an economic system that fulfils the expectations of the public which in turn means that the economy's means of production should be employed in such a way that production and distribution should enhance total socio-economic welfare. Davis (1973) defined CSR as a firm's consideration of, and response to issues beyond the narrow economic, technical, and legal requirements of the firm. Furthermore, Carrol (1979) defined CSR as activities that encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time. Jones (1980) defined CSR as "the premise that firms have a commitment to constituent groups and society other than stockholders and beyond that prescribed by law and union contract," which was one of the first notable formulations in the 1980s.

According to the European Commission (2002), CSR is about businesses taking on responsibilities and acting in ways that go beyond their legal requirements and

economic/business objectives. CSR has been described as a way of showing a corporation's concern and commitment towards society (Ashrafi et al., 2018). CSR has further been described as the commitment of business to the customer and society for long term sustainability and gaining a win-in-win position by providing healthy goods and services (Rai & Bansal, 2015).

### **2.3 Dimensions of CSR.**

Most scholars have considered CSR as a multi-dimensional construct (Kim et al., 2020), comprising different components. A unidimensional view of CSR has been criticized for its limitation in the scope of activities that can fall under CSR (Currás-Pérez et al., 2018).

In 1979, Carroll developed three-dimensional conceptual model of corporate performance including economic responsibilities, legal responsibilities, and ethical responsibilities (Luo et al., 2019). Carroll later in 1991 revised this position by proposing the 'Pyramid of CSR', that has four dimensions which include economic, legal, ethical, and philanthropic activities (Ashrafi et al., 2020).

According to Chen (2018), CSR activities can be classified into three broad dimensions based on the corporation's strategic goals: philanthropic CSR (CSR with a charitable donor-recipient nature), promotional CSR (CSR that enhances mutually beneficial relationship exchanges) and value-creating CSR (CSR integrated into firms' mission and core business agenda).

Furthermore, Sarkar and Searcy (2016) conceptualized CSR to compose of six similar dimensions: stakeholder, social, economic, ethical, sustainability, and discretionary activities. This study adopted Chow and Chen (2012) conceptualization of CSR and views CSR as a multi-dimensional construct comprises of three dimensions: economic, social, and

environmental responsibilities. The proceeding section discusses the four common dimensions of CSR.

### **2.3.1 Economic Dimension**

The economic dimension refers to society's expectations that the firm will be profitable in the long term, generate stable employment, and obtain utilities, as incentive and reward for its efficiency and effectiveness by producing and selling quality goods and services (Alvarado-herrera et al., 2017). In simpler words, the economic component of CSR suggests that society expects corporations or firms to make a profit (Ashrafi et al., 2020). Economic dimension of CSR further encompasses the provision desirable goods and services (Kim et al., 2020). Firms can demonstrate the economic dimension of CSR by boosting profits to ensuring sustainability, preserving the firm's competitive position, and maintaining the market value of its shares (Hadi & Udin, 2021).

### **2.3.2 Environmental Dimension**

The environmental dimension refers to the firm's environmentally friendly behaviour, specified in issues of how to make optimum use of natural resources, improve waste management, minimize ecological externalities in production processes, and promote eco-friendly products, among others (Choi & Ng, 2011).

### **2.3.4 Social Dimension**

The social dimension of CSR, otherwise known as discretionary or philanthropic CSR includes a broad scope of corporate voluntary activities in response to various societal expectations, such as corporate contributions of financial resources or executive time to various causes (e.g., education, community improvement, arts and culture) (Ashrafi et al., 2020). In simpler terms, the social dimension of CSR entails the partaking of firms in charitable and voluntary activities

(Kim et al., 2020). The social dimension refers to the relationship of the firm with its socio-cultural environment, its calling to aid social causes, and its involvement in community issues (Choi & Ng, 2011). Social dimension of CSR can be exhibited by aid in areas such as education, health, arts and culture, youth and sports, the environment, religious and national holidays, and public facilities (Hadi & Udin, 2021)

## **2.5 Corporate sustainability (CS)**

The concept of CS has been developing and maturing since its inception (Ashrafi et al., 2018). The development of the concept of “corporate sustainability” could seem to be traced to the late 1980s when the concept of sustainable development was also gaining traction (Ashrafi et al., 2018; Hahn et al., 2017).

Since the 2000s, the use of the term ‘corporate sustainability’ has become widespread (Hahn et al., 2017). It could therefore be summarised that the literature on corporate sustainability is still evolving (Montiel & Delgado-Ceballos, 2014). The main aim of CS is to create long-lasting shareholders’ and stakeholders’ values for corporations (Dyllick & Muff, 2016).

## **2.6 Defining Corporate Sustainability**

Even though some scholars have argued that the terms “CSR” and “Corporate Sustainability” are the same concept (Montiel & Delgado-Ceballos, 2014), others have argued that the terms have different roots, and therefore, should be maintained as separate concepts (Bansal & Song, 2017).

The definition of CS is adopted from the concept of sustainable development and can be understood as the application of sustainable development at the corporate level, including the

short-term and long-term economic, environmental, and social aspects of a corporation's performance (Hahn et al., 2017; Lozano, 2015). One of the earliest and most cited definitions of CS is associated with the work of Dyllick and Hockerts (2002) who defined CS as meeting the needs of a firm's direct and indirect stakeholders (such as shareholders, employees, clients, pressure groups, and communities), without compromising its ability to meet the needs of future stakeholders as well. CS could be also be defined as the application of sustainable development at micro level, i.e., the corporate level; including the short-term and long-term economic, environmental and social performance of a corporation (Dyllick & Muff, 2016; Hahn et al., 2017; Lozano, 2015). Furthermore, Henry et al. (2019) describes corporate sustainability as the effective balance of an organization's financial, social, and environmental performance.

Van Marrewijk (2003) conceptualizes corporate sustainability as a company's activities that demonstrates the inclusion of social and environmental concerns in business operations and in interactions with stakeholders. Furthermore, corporate sustainability emphasizes the long-term nature of the benefit that business is expected to provide to society (Schwartz & Carroll, 2014)

Corporate sustainability does not only focus on short-term but also long-term aspects of corporate's activities (Bansal & Desjardine, 2014; Hahn et al., 2015). Corporations can also extend sustainability practices by developing a business model that is socially, environmentally and financially sustainable, and also potentially scalable (Ashrafi et al., 2018). The effective integration of sustainability practices can not only add to a competitive advantage, but can also enable the corporation to maintain a leading position of excellence in their sector (Laszlo & Zhexembayeva, 2011).

## **2.7 Corporate Governance**

Corporate governance describes how companies ought to be run, directed and controlled (Althuneibat et al., 2016). In addition, the corporate governance structure specifies the distribution of rights and responsibilities among the different participants in the organization (such as the board, managers, shareholders and other stakeholders) and articulates the rules and procedures for making corporate-related decisions (Palaniappan, 2017). Corporate governance is about building credibility, ensuring transparency and accountability as well as maintaining an effective channel of information disclosure that would foster good corporate performance (Althuneibat et al., 2016).

Corporate governance has also been described as a flexible system of action incorporating strategic and monitoring activities that determines the way a company enacts its responsibilities to its shareholders and stakeholders and which is determined at any given time by the interrelationship of institutional drivers and behavioural norm (Young & Thyil, 2014). Therefore, corporate governance provided the structure for defining, implementing and monitoring a company's goals and objectives and ensuring accountability to appropriate stakeholders (Palaniappan, 2017).

### **2.7.1 Characteristics of Corporate Governance**

Several indices have been used to describe the various components of corporate governance. These include board size, board composition, board independence, CEO-Chair Duality, Institutional Ownership, among others. For this study, corporate governance will be measured with board composition, board size, Institutional Ownership and CEO- Chair Duality.

### **2.7.1.1 Board Composition**

Board composition describes the overall characteristics of the board members (Rouf & Hossan, 2021) and includes internal (inside directors), external (independent and general expert directors) and intermediate (sectoral expert directors) forces (Crifo et al., 2019). Board composition has been interpreted in a variety of ways, but the most common are in terms of size and diversity in terms of gender and percentage of insiders versus outsiders (Hussain et al., 2018).

Many authors have found that the diversity on boards of directors, in terms of nationality, gender, and position, can provide organizational benefits and competitive advantages such as the ability to strategically position, can provide organizational benefits and competitive advantages such as firm reputation (García-Meca & Palacio, 2018) and enhances the representativeness of the governance.(Hussain et al., 2018). The presence of independent directors is showed to be an important corporate governance mechanism that can lead to a better supervision of board effectiveness (Said et al, 2009) while the presence of females on boards has been found to have an impact on CSR disclosure (Rouf & Hossan, 2021). A study by Naciti (2019) revealed that that firms with more diversity on the board show higher sustainability performance.

### **2.7.1.2 Size of Board of Directors**

The board of directors is accountable for management's stewardship, ensuring that they carry out their responsibilities in the best interests of those who entrusted them with the task of running their companies' operations (Al-thuneibat et al., 2016). As a result, the board of directors faces pressure to demonstrate that shareholders' rights are safeguarded and increased (Al-thuneibat et al., 2016) .

The size of an organization's board of directors is decided by a range of factors, including the industry, the firm's size, and the complexity of the firm's business (Krishnan & Visvanathan 2009; Pathan 2009). Smaller boards of directors are frequently expected to be more effective at monitoring and controlling management than larger boards, owing to the anticipated benefit of more efficient communication and coordination, as well as higher levels of commitment and accountability among individual board members (Jizi et al., 2013). However, the drawback of small boards is that the workload of individual members tends to be high, which might limit the monitoring ability of the board (John & Senbet ,1998). Moreover, smaller boards can draw on a less diversified range of expertise than larger boards, which can impact on the quality of the advice and monitoring offered (Guest 2009).

### **2.7.1.3 Institutional Ownership**

Institutional ownership has been defined as defined the percentage of firms' share held by institutional investors (Chung & Zhang, 2009). Institutional shareholders are more likely to be professional investors with specialized experience in evaluating organizations' financial performance, managerial quality, and governance, as well as acting as effective monitors (Crane et al., 2016).

Previous research has demonstrated that institutional ownership has a favorable effect on firm performance and is insensitive to deregulation, contemporaneous market conditions, and different stock exchanges(Lin & Fu, 2017). Additionally, Chung and Zhang (2009) indicated that institutional investors could aid in improving the financial performance of all enterprises, as they are regarded “block holders” and hence have a motive, unlike individual investors, to watch the firms they control.

#### **2.7.1.4 CEO- Chair Duality**

CEO and chair duality occur when the same person holds both positions in a company at the same time and as such duality offers a greater decision-making power that enables CEO to make decisions that may not consider the greater interests of a broader set of stakeholders (Abu Qa'dan & Suwaidan, 2019). Separating the board chair and CEO roles has been suggested to improve management effectiveness, reduce agency costs, and improve firm performance as avenues for conflict of interest is curtailed and firm transparency is enhanced (Naciti, 2019). Additionally, CEO- chair duality enables the CEO to exert control over management information, as the firm's authority is concentrated in the hands of a single individual (Nazar, 2016).

#### **2.8 The Role of Top Management Commitment**

Top management commitment also refers to the importance that top managers focus on the development of an organization's capabilities (Gavronski et al., 2011). In a nutshell, it symbolizes the top management's emotional commitment, intention, conviction, and attitude toward achieving the organization's goals (Bagozzi, 1992) and its absence will result in the organization's failure to achieve these goals (Baetz & Bart, 1996). According to Digalwar et al. (2013), top management commitment serves as a foundation for effective environmental improvement, and top management is accountable for establishing and creating which policies to implement, as well as for thoroughly conveying them throughout the organization. Commitment from top management is critical to ensure that an organization's objective is realized to the point of increasing company performance (Yusliza et al., 2019).

## **2.9 Theoretical Underpinning**

This study employs the stakeholder theory and the agency theory to explain the relationship between corporate governance, CSR and corporate sustainability.

### **2.9.1 Stakeholder Theory**

Numerous studies have used the stakeholder theory to explain the relationship between corporate governance and corporate social responsibility (Naciti, 2019). According to stakeholder theory, corporate executives should consider the interests of stakeholders in order to minimize the possibility of a conflict of interests (Haniffa & Cooke, 2002). Michelon and Parbonetti (2012) suggest that excellent corporate governance leverages CS to strengthen a company's engagement with its stakeholders. According to stakeholder theory, corporations are interdependent, and hence should serve a broader social purpose rather than just shareholder interests (Rouf & Hossan, 2021).

### **2.9.2 Agency Theory**

The agency theory is one of the dominant theories that has dominated research about board of directors (García-Meca & Palacio, 2018). According to the agency theory, a manager will behave in his or her own best interest, not the best interest of the shareholders, and that manager may be motivated to take activities that benefit the manager but are costly to the shareholders (Kyere & Ausloos, 2021). The agency theory details the relationship between the managers (agents) and the shareholders (principals) (Donaldson & Davis, 1991). According to the agency theory, the board of directors can monitor effectively if they are independent from the management (Beasley, 1996; Christensen et al., 2010) and that the absence of controls could have dire consequences that could lead to market failures, non-existence of the markets, moral hazards, asymmetric information, incomplete contract and moral selection (Kyere & Ausloos, 2021).

The argument is that incentives exist for outside directors to protect their reputation that motivate them to exercise decisional control (Christensen et al., 2010). Therefore, this theory argues that corporations stand a chance to increase financial performance if cost is minimized (Kyere & Ausloos, 2021). The theory argues that the strong relationship between managers and shareholders enhances the resolution of divergent interests between management of the organization and the owners, prescribing ways of resolving such conflicts, like delegating a decision-making authority to the agents who manage a project (Kyere & Ausloos, 2021). Based on Agency Theory, it is argued that the separation of board Chair and CEO roles can enhance the independence of the board of directors from management (Michelon & Parbonetti, 2012) as this will ensure proper check and balances between CEO and the chairperson.

Jo and Harjoto (2012) conducted a comparison of the applicability of stakeholder and agency theories to the causal consequences of corporate governance and CSR participation. They discovered that corporate financial performance is a function of CSR participation, rather than agency, from a stakeholder perspective. While Jo and Harjoto (2012) study confirmed the stakeholders' perspective, it can be broadened by including the corporate governance idea.

## **2.10 Hypothesis Development and Conceptual Framework**

### **2.10.1 Corporate Governance (CG) and Corporate Social Responsibility (CSR)**

Literature is replete with studies that have examined the link between corporate governance and CSR. Jo and Harjoto (2012) revealed that the lag of corporate governance variables positively affects firms' CSR engagement. Previous studies have shown how the various components of corporate governance influence CSR performance. For instance, a study by Stuebs and Sun (2015) found that corporate governance, (which was assessed using board structure and composition; audit issues; charter and bylaw provisions; laws of the state of

incorporation; executive and director compensation; qualitative factors; director and officer stock ownership; and director education) had positive influence on CSR. Empirical studies involving the CSR characteristics that is being considered for this study and CSR are discussed below.

#### **2.10.1.1 Board Composition and Corporate Social Responsibility (CSR)**

Previous studies on the influence of board composition and CSR have produced mixed results with most of these studies being conducted in developed countries than emerging markets (Karim et al., 2020). Karim et al.(2020) found that there is weak linkage between board composition and CSR practices. Furthermore, board composition can have a negative influence on CSR performance as board ideological diversity have been found to have a negative relationship with CSR performance, indicating that a high level of ideological diversity leads to a lower performance in CSR (Olthuis & van den Oever, 2020). However, a study by Lau et al.( 2016) found that the relationship between board composition and CSR was not significant.

Nevertheless, based on the stakeholder theory, this study expects that board composition will have a positive influence on all the dimension of CSR. It is therefore hypothesized that:

*H1a: Board Composition is positively and significantly related to economic CSR*

*H1b: Board Composition is positively and significantly related to environmental CSR*

*H1c: Board Composition is positively and significantly related to social CSR*

#### **2.10.1.1 Board Size and Corporate Social Responsibility (CSR)**

Previous studies have churned out contradictory findings regarding the relationship between board size and CSR (Rouf & Hossan, 2021). A study of 91 public listed companies from Bursa Malaysia by Alabdullah et al. (2019) revealed that board size had a significant and positive

relationship with CSR disclosure. Another study by Zhuang et al.(2018) revealed that board composition which were measured with aspects such as political experience, academic experience, overseas background, and gender diversity , has positive relationship with firms' CSR performance. Abu Qa'dan & Suwaidan (2019) found board size to be significantly and positively associated with CSR disclosure levels. Yet in another study, board size was found to have no significant relationship with CSR disclosure (Rouf & Hossan, 2021). Based on the stakeholder theory, this study argues that board size will have a positive relationship with all the dimensions of CSR. It is therefore hypothesized that:

*H2a: Board size is positively and significantly related to economic CSR*

*H2b: Board size is positively and significantly related to environmental CSR*

*H2c: Board size is positively and significantly related to social CSR*

### **2.10.1. Institutional Ownership and Corporate Social Responsibility (CSR)**

Empirical evidence pointing to the relationship between institutional ownership and CSR has been mixed (Erhemjamts & Huang, 2019). Some researchers have argued that high level of institutional ownership will have a negative influence CSR ( e.g. Brickley et al. (1988), Dalton et al. (2003), Hoskisson et al. (2002) while others have argued for a positive influence of institutional ownership on CSR( e.g., Jensen & Meckling,1976). However, some other authors have found that institutional ownership exhibit non-linear effects on CSR (Oh et al., 2017). Erhemjamts and Huang (2019) found that institutions with shorter investment horizons CSR at the firm level and that the higher the proportion of long-term investors, the higher the effect of CSR on long-term buy-and-hold returns. And yet another study, Nurleni et al.( 2018) found that there is a positive and significant relationship between institutional ownership on CSR disclosure. Based on the above discussion, this study posits that institutional ownership will have a positive influence CSR. It is therefore hypothesized that:

*H3a: Institutional ownership is positively and significantly related to economic CSR*

*H3b: Institutional ownership is positively and significantly related to environmental CSR*

*H3c: Institutional ownership is positively and significantly related to social CSR*

#### **2.10.1.2 CEO-Chair and Corporate Social Responsibility (CSR)**

CEO- Chair duality has been found to have a negative relationship with CSR disclosure (Alabdullah et al., 2018). Another study by Abu Qa'dan and Suwaidan (2019) found that duality of CEO and chairman positions had negative influence on CSR disclosure level. CEO-Chair duality has been shown to have a detrimental effect on CSR activities, since CEOs have been shown to be more profitdriven and to pursue profits more aggressively at the expense of CSR efforts (Zhang, 2012). Based on previous studies, it is therefore hypothesized that:

*H4a: CEO-Chair Duality is negatively and significantly related to economic CSR*

*H4b: CEO-Chair Duality is negatively and significantly related to environmental CSR*

*H4c: CEO-Chair Duality is negatively and significantly related to social CSR*

#### **2.10.2 Corporate Social Responsibility (CSR) and Corporate Sustainability (CS)**

CSR and CS are both 'voluntary business activities' that aim to contribute to better performance of corporations in social, environmental, and economic spheres (Lo 2010). A study by Sharma and Khanna (2014) found that there was a positive low and insignificant correlation between corporate governance and sustainability. According to Ashrafi et al. (2018), CSR acts as a transitional stage is when a corporation moves through the spectrum towards sustainable development, so that it might go beyond what laws and regulations require them to do, yet not necessarily encompasses comprehensive sustainable activities. It is therefore hypothesized that the existence of CSR activities would contribute positively to corporate sustainability goals. It is therefore hypothesized that:

*H5a: Economic CSR is positively and significantly related to corporate sustainability*

H5b: Environmental CSR is positively and significantly related to corporate sustainability

H5c : Social CSR is positively and significantly related to corporate sustainability

### **2.11 Moderating Role of Top Management Commitment**

The successful realisation of any goal of an organisation is dependent upon the commitment of its top management (Williams et al., 2014). Therefore, the promotion of sustainability which can lead to competitive advantage, lies within the commitment of managers towards these sustainable practices (Yang Spencer et al., 2013). A study by Yusliza et al. (2019) found that CSR has a significant positive relationship between top management commitment and CS. According to Goyal and Kumar (2017), commitment from top executive of the organization is critical for successful implementation of CSR initiatives. The authors argued that the lack of top management commitment is one of the factors that hinders a successful implementation of CSR as the CEOs' political ideologies will influence their firms' CSR. In addition, commitment from top management may also motivate others to ensure the effective implementation of CSR in the organization. It can therefore be argued that the commitment of top management may moderate the relationship between CSR and CS. It is therefore hypothesised that:

H4a: Top management will moderate the relationship between economic CSR and corporate sustainability such that the higher the level of commitment, the stronger the relationship between CSR and CS

H4b: Top management will moderate the relationship between Environmental CSR and corporate sustainability such that the higher the level of commitment, the stronger the relationship between CSR and CS

H4c: Top management will moderate the relationship between Social CSR and corporate sustainability such that the higher the level of commitment, the stronger the relationship between CSR and CS

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

This chapter provides an overview of the study's research design and methodology. The chapter discussion highlights the researcher's strategy, approach, and data gathering method. Additionally, an in-depth description of the analysis technique is given, as well as ethical concerns.

#### **3.2 Research Approach**

A research approach is the broad category of research design (Hair et al., 2008). In determining an appropriate research approach, the research objectives and information requirement are crucial (Hair et al., 2008). Many scholars have generally discussed two main types of research approaches: quantitative and qualitative research (Engstrom & Salehi-Sangari, 2009), although some researchers have adopted a combination of both approaches, which is the mixed method. The decision on which approach to adopt for a study is dependent on the researcher's worldview, researchers' personal experience, nature of research problem, and the target audience for the study findings (Creswell, 2009).

A quantitative method uses the data collection techniques and data analysis procedures that generate or use numerical data whilst qualitative method employs any data collection techniques and data analysis procedures that generate or use non-numerical data (Saunders et al., 2011). Qualitative research approach is particularly important in behavioural sciences as it captures the underlining explanations for certain human behaviour (Kothari, 2004) and aims to answer the '*why*' question of a phenomena (Saunders et al. 2012; Given, 2008). The qualitative methodology is based on interpretivism/constructivism (Sale et al., 2002) which takes on a subjective ontological view of the world, in that reality is socially constructed (Saunders et al.,

2019). Quantitative research approach or methodology gives emphasis to quantification in both data collection and analysis (Bryman, 2008). In the current study, the quantitative research approach is adopted based on the study's objectives and the paradigm of choice which requires such an approach.

### **3.3 Research Design**

A research design is a procedure and plan for research that spans the decisions from broad assumptions to specific methods of data collection and analysis in achieving research objectives (Creswell, 2009). Simply put, it is the framework for a study that guides data collection and analysis (Churchill & Iacobucci, 2006). It is also seen as comprehensive procedures employed for gathering information needed to solve a research problem (Rojon et al., 2016; Tremblay et al., 2016). Similarly, Cooper and Schindler (2008) defined research design as a blueprint for fulfilling study objectives. The aim of any research design is based on approaches that permits answering the research problem appropriately within the constraints of time and budget put on by the researcher (Ghauri & Grønhaug, 2002). However, the choice between theory testing and theory building; and the types of research questions are two essential points when deciding on the research design (De Vaus, 2001).

According to research scholars (Asinyo, 2015; Hair et al., 2008; Zikmund & Babin, 2010), descriptive, causal, and exploratory are the three main research designs. The descriptive research design describes the existing characteristics of a defined target population or market structure (Hair et al., 2008) where the research is guided by one or more specific hypotheses (Iacobucci & Churchill, 2018) and the research problem is structured and properly understood (Ghauri & Grønhaug, 2002). A causal research design (also referred to as explanatory research design), collects data that enables decision-makers to determine the cause-and-effect relationships between two or more variables (Hair et al., 2008). Finally, exploratory research

generates insights and deepens the understanding of a phenomenon/research problem (Hair et al., 2008). In other words, exploratory research design is particularly suitable for the clarification of our understanding of a research problem (Saunders et al., 2009) and aims at discovering ideas and insights (Churchill & Iacobucci, 2006)

Based on the nature of the research questions, the current study is classified under the descriptive research realm. Meanwhile, descriptive research is chiefly categories as either longitudinal or cross-sectional (Churchill & Iacobucci, 2006) In longitudinal studies, a ‘fixed sample of population elements is measured repeatedly’ (Malhorta & Birks, 2007). Cross-sectional studies (also referred to as sample surveys) involve the collection of information from a specified sample of population elements merely once (Churchill & Iacobucci, 2006; Malhorta and Birks, 2007). The current study will adopt a cross-sectional research design. Cross-sectional research is the most frequently used type of descriptive design (Churchill and Iacobucci, 2002; Malhorta and Birks, 2007). It is also considered by some researchers as the most important type of descriptive research (Churchill & Iacobucci, 2006) Cross-sectional data is more representative of the general population than longitudinal data (Malhorta and Birks, 2007). Additionally, cross-sectional research is relatively inexpensive and takes little time to conduct (Levin, 2006).

### **3.4 Research Strategy**

Surveys, histories, experiments, archival analysis, and case studies have been identified as the five key research strategies (Jansen, 2010; Yin, 2009). Few studies have further added action research and grounded theory (Saunders et al., 2011). However, survey research and experimental research have been suggested as the main research strategies (Creswell, 2009). The application of specific research strategy is dependent on the research questions to be answered which will enable the researcher to address the research objectives.

Survey is a research technique in which a sample is interviewed in some form, or the behaviour of the respondent is observed and described in some way (Zikmund & Babin, 2010). The survey research was preferred to the experimental research due to its numeric description of trends, attitudes, or opinions of a population by studying just a sample-using questionnaires in gathering primary data (Creswell, 2009).

This study adopted the survey strategy in as a primary tool for data collection as this strategy is relatively inexpensive and has the ability of describing large population characteristics and eliminating observer subjectivity by presenting all study subjects with standardized stimulus which helps in turn in obtaining higher reliability (Palmquist, 2011). Furthermore, the survey strategy will enable the researcher to answer questions such as ‘who’, ‘what’, ‘how much’, and ‘to what extent’ questions (Yin, 2009). In the current study, the nature of the research questions being probed is appropriate for the use of surveys. Furthermore, the questionnaire survey is the preferred research method when the researcher has little or no control over behavioural events (Yin, 2009), as is the case with the current study.

### **3.5 Sampling Design**

In survey research, it is usually uncommon to survey the entire population due to both time and cost constraints. Instead, researchers usually prefer the use of sampling (McDonnell, Lavelle, Gunnigle & Collings, 2007). Sampling is the process of selecting a small number of units from a larger group selected for participation in a study (Malhorta & Birks, 2007). The present study of a five-phase procedure for drawing sample. These procedures include define the target population, identify the sampling frame, select a sampling technique, determine the sample size, and data collection as simplify below.

### **3.6 Population**

The population of a study is the aggregate of all elements, sharing some standard set of characteristics that comprise the universe for the research interest (Malhotra & Dash, 2011). According to Saunders (2012), the general population is the largest when viewed alongside with the target and specific population.

The target population is the group of individuals that possess the information required by the researcher and about which inferences are to be made (Malhorta & Birks, 2007). The most important thing in defining the target population is the precise specification of who should and who should not be included in the sample ( Malhorta & Birks, 2007). The target population for this study consists of employees and management of SMEs in Accra.

### **3.7 Sampling Technique**

Sampling technique in research is broadly divided into probability and non-probability design (Neuman, 2007). Rahi (2017) claimed that probability sampling technique is the process by which the researcher selects a random sample of participants from a specified population designed purposely for the study. The technique is appropriate for selecting a sample for quantitative research where each participant has an equal chance for selection (Rahi, 2017). Ngembe (2019) defined probability sampling method as the process by which the researcher selects a random sample of members/participants from a population. The technique is appropriate for selecting a sample for quantitative research where each participant has an equal chance of being selected (Ngembe, 2019). Probability sampling types include simple random sampling, stratified sampling, systematic sampling, cluster sampling, and multi-stage sampling (Banerjee & Chaudhury, 2010).

Nonprobability sampling implies that some units in the population do not exhibit the opportunity of being chosen (Saunders et al., 2016). Patton (2002) opined that nonprobability sampling depicts a unique gathering of information mostly used for studies that uses mixed method (qualitative and even quantitative designs). These include quota, purposive, convenience, self-selection, and snowball sampling (Hair et al., 2007; Saunders et al., 2016). The present study adopted non-probability sampling technique by employing convenience sampling.

### **3.8 Determination the Sample Size**

The sample size is defined as the total number of elements or units to be included in a study (Saunders, Lewis & Thornhill, 2009). Accurate estimation of the required sample size is fundamental to the success of any research and is important in producing meaningful results (High, 2000). Several formulas (e.g., Islam, 2018; Bartlett, Kotrlik, & Higgins, 2001; Slovin 1960) and rules of thumb (e.g., Hair, Black, Babin, Anderson & Tatham, 2006) has been propounded for the estimation of adequate sample size for research.

In addition, the minimum sample acceptable for analytical toll could be employed. This study employs Structural equation modeling (SEM) was the main method of data analysis and the minimum accepted sample size for SEM also aided the determination of the sample size. Different opinions exist regarding the recommended sample size for SEM (Hoe, 2008). Some researchers suggest a minimum ratio of at least 5 respondents per parameter, while others consider that a ratio of 10 respondents for each estimated parameter is more appropriate (Hair, Anderson, Tatham & Black, 1998). Studies by Garver and Mentzer (1999) posits that the estimation of 200 representation is critical sample size for SEM, and as a rule of thumb, any number above 200 is believed to offer enough statistical power for data analysis (Hoe, 2008). However, Iacobucci (2009) alluded that this rule of thumb is both ‘conservative’ and

‘simplistic’. Iacobucci (2009)) advance further that even with small samples of 50 to 100 participants, SEM models can perform well.

According to scholars, a sample of at least 300-500 offers adequate statistical power for data analysis for SEM (Singh et al., 2016; DeVellis, 2017). The sample size used for this study was 325 which is adequate per the recommended number for SEM.

### **3.9 Data Collection**

Data collection methods empower researchers to collect information necessary about our study participants (Sajjad-Kabir, 2016). This section of the study provides data collection methods and how the study instrument was developed and used.

### **3.10 Sources of Data**

In research, there are different methods used to gather information, all of which fall into two categories i.e., primary, and secondary data (Douglas, 2015). As the name suggests, primary data is one which is collected for the first time by the researcher while secondary data is the data already collected or produced by others. Primary data are obtained directly from first-hand sources to address the current research problem (Webb, 2000). According to Ajayi (2017) primary data is factual and original and aim for getting solution to the problem at hand whereas secondary data is collected for purposes other than the problem at hand. Primary data sources include surveys, observations, experiments, questionnaire, personal interview etc. on the other contrary, secondary data sources are government publications, websites, books, journal articles, internal records (Ajayi, 2017).

For this study, primary data for testing the hypothesis were collected via self-administered questionnaires staff of these SME’s and the secondary data included information retrieved

from databases and publications to guide the researcher in the primary data collection (Webb, 2000).

### **3.10.1 Data Collection Tools**

In data collection, there are different tools or strategies available. Some of the standard tools are interviews, questionnaires, and observations. This study used questionnaires to collect information on the CSR, CS and CG trust, as well as respondent profiles. A questionnaire is a data collection tool where each participant responds to the same set of questions in a predetermined order (Webb, 2000). Questionnaires are relatively inexpensive and have the ability of describing large population characteristics and eliminating observer subjectivity by presenting all study subjects with standardized stimulus which helps in turn in obtaining higher reliability (Palmquist, 2011).

### **3.10.2 Study Instrument**

Appendix A of this thesis has a copy of the study instrument. The questionnaire had four (4) sections. Section “A” collected information on respondent’s demographics. The section “B” received information on CSR dimension that included social, environment and economic dimensions. Also, the section “C” collected data on corporate governance while section D covered the moderating variable, top management commitment. The final section (E) collected data on corporate sustainability.

Consistent with prior studies (e.g., (Appelbaum et al., 2000; Jiang et al., 2012; Lepak et al., 2006), CSR measures adopted in the present study were divided into three dimensions. In all fourteen items were used to measure employee comprehension of CSR dimension. These items were drawn from previous studies. Corporate governance were measured was measured with items adapted from Brown & Caylor (2006). The various dimensions of CSR were measured

based on the items adapted from studies from Alvarado-herrera et al. (2017) proposed by Turker (2009) and Jizi et al. (2013). Corporate sustainability was measured with a five -item scale adapted from Chow & Chen (2012). Top management commitment was measured on a three-item scale that was adopted from Erdogan et al. (2015) These items were anchored on a Likert scale from 1 to 5 where 1 corresponded to strongly disagree (1) and 5 corresponded to strongly agree (5).

The survey questionnaire was pre-tested by administrating the survey questionnaire to teaching staff of the technical Universities. The participants were be asked to comment on the length, wording, the order of questions as well as ambiguities and biases. The questionnaire was adjusted after the suggestions from the participants. In collecting the data, as indicated earlier, a survey strategy was used.

### **3.10.3 Data Analysis Techniques**

Data analysis is the application of reasoning to understand the data that have been gathered (Zikmund & Babin, 2010). More so, the analysis may involve determining consistent patterns and summarising the relevant details revealed in an investigation (Zikmund & Babin, 2010).

The current study's empirical analysis focused on the interrelationships between several independent and dependent variables as well as the moderating effect of top management commitment on these interactions. Structural Equation Modelling (SEM) has been recommended as the most appropriate analytical strategy for this type of analysis (Byrne, 2010; Hair et al., 2010), as SEM enables the simultaneous execution of multiple processes while maintaining the robustness of the analysis and ensuring the rigorousness and integrity of the results obtained (MacLean & Gray, 1998). SEM (also known as latent variable analysis or covariance structure analysis) is a statistical approach for describing and estimating linear regression models between variables (MacCallum and Austin, 2000). It is a versatile and

effective tool that combines multiple regression and factor analysis components (Hair et al., 2010).

The statistical analysis included (i) normality testing (ii) descriptive analysis of the sample's characteristics (iii) exploratory factor analysis (EFA) (iv) Common method bias (v) Reliability and Validity testing (vi) confirmatory factor analysis (CFA) of the main variables of the study (vii) path analysis with structural equation modelling (SEM) to test the hypotheses and conceptual framework and (ix) moderation analysis. The IBM Statistical Package for Social Science (SPSS) version 25.0 and IBM's Analysis of Moments of Structures (AMOS) version 24 software packages were employed as analytical tools in this investigation. SPSS was used to code, screen, and clean the data, as well as to do a multivariate analysis of variance (MANOVA). Following that, the data were transmitted to *Amos 24* for the analysis's second stage, which involved structural equation modelling (SEM).

Exploratory factor analysis (EFA) was run prior to running the SEM model to (1) specify the indicators for each concept and (2) assess construct validity and reliability (Kline, 2005; Byrne, 2013; Hair et al., 2014). EFA was done by following three steps as suggested by Pallant (2011). These steps include the assessment of the suitability of the data for factor analysis, factor extraction, and factor rotation and interpretation. IBM Statistical Package for Social Sciences (SPSS) version 21 was used for data cleaning, normality testing, common bias method, descriptive statistics, and the exploratory factor analysis (EFA).

After EFA, a confirmatory factor analysis (CFA) was performed using *Amos 25* to validate the measurement model used in this investigation. After specifying the measuring model and confirming that all constructs conformed to established metrics, the structural model was

conducted. A structural model is a collection of one or more dependency connections that connect the hypothesized model's constructs (Hair et al., 2010; 2014). The structural model is advantageous for describing the relationships between variables inside and between constructs. The path analysis with SEM and moderation analysis were performed by employing Amos 24.

During the performance of CFA and SEM, model fitness was assessed to assess the strength and acceptability of the construct measurements, and this involved the interpretation of how well the conceptualized model fits the empirical research. The indices obtained were compared with acceptable indices proposed by scholars. These indices include Chi square statistic ( $\chi^2$ ), comparative fit index (CFI), the Tucker–Lewis's index (TLI), root mean square error of approximation (RMSEA) and the root mean square residual (RMSR) and. These indices evaluated how well measurement model fit the data collected. The conventionally acceptable values for these indices are: TLI  $\geq 0.90$ , and CFI  $\geq 0.90$ , RMSEA  $\leq 0.08$ , and RMSR  $\leq 0.08$  (Hair et al., 2014). The sufficiency of the conceptual model was evaluated by the  $\chi^2$  with it associated the degrees of freedom (df).

### **3.11 Validity and Reliability Measures**

Validity and reliability are two main criteria for social research evaluation (Bryman, 2008). Validity and reliability are related where validity assumes reliability and a measure that is not reliable cannot be valid (Malhorta & Birks, 2007; Bryman, 2008). Both are believed to be tools of an essentially positivistic epistemology and consequently are relevant to quantitative research but not to qualitative research (Altheide & Johnson, 1998).

#### **3.11.1 Validity**

Validity refers to the extent to which a measurement instrument is accurate and really measuring what it is aimed to measure (Mason, 2002). Validity is not a property of a measure,

but an indication of the degree to which an assessment measures a specific construct in a specific context. Thus, a measure may have a high degree of validity for one purpose but not for another (Herman, Osmundson & Dietel, 2010). Researchers usually assess content validity and construct validity.

To ensure validity in this study, construct validity was assessed with convergent validity and discriminant validity (Rezaei, 2015). The average variance extracted (AVE) and factor loadings were employed to test the convergent validity while the discriminant validity was tested using construct correlations and the square roots of the AVE across the correlations (Kline, 2011). EFA was performed with a maximum likelihood estimation method to determine unique variance among items and the correlation between factors, and to remain consistent with the subsequent CFA.

### **3.11.2 Reliability**

Reliability refers to the extent to which a measure is consistent, stable and produces replicable results overtime (Malhorta and Birks, 2007; Bryman, 2008). The reliability of this study was assessed using the Cronbach's  $\alpha$  and composite reliability (CR), which are widely accepted indices for the measurement of reliability in rese (Hair et al., 2016).

Cronbach's alpha (also known as Coefficient alpha) is the most popular reliability measure used by researchers (Malhorta and Birks, 2007; Hair et al., 2010). According to Kline (1999), coefficient alpha values between 0.7 and 0.8 are usually acceptable. However, when dealing with psychological constructs, values less than 0.7 (but more than 0.6) are acceptable because of the diversity of the measured constructs (Kline, 1999).

### **3.12 Ethical Considerations and Quality Criteria**

One very important consideration a researcher must not overlook is the issue of ethics in research (Malhotra and Birks 2007). The researcher in accordance with this took steps to make sure that no respondent or any participant in this research work was harmed in any way. Participants were also not forced but rather encouraged to voluntarily participate and the researcher further made sure that personal or demographic information were kept confidential. Validity and reliability test will be conducted to assess the potency of the study results.

### **3.13 Summary**

This chapter has provided a detailed explanation of the methodological approach used in the current study. The present study is positioned within the positivist research philosophy and accordingly, research strategies related to quantitative research have been discussed. The present study is a descriptive cross-sectional study based on a deductive approach. The questionnaire survey was used as the main data collection method, and its development and administration followed the rigorous procedures suggested in previous studies (Churchill & Iacobucci, 2002; Su & Parham, 2002). SEM will be used to test the potency of the proposed research model and hypotheses to be analysed. For purposes of ethics and measure of quality, validity and reliability will be conducted ascertain the potency of the results.

## **CHAPTER FOUR**

### **PRESENTATION OF FINDINGS**

#### **4.1 Introduction**

This chapter is a presentation of the results obtained after the analysis of the data collected for the study. The results are presented first, in order of the research objectives proposed in the introductory chapter. It begins with the descriptive statistics of the scale variables, then proceeds to the profile of the respondents. The chapter then proceed to present the results for the exploratory factor analysis, the reliability and validity testing as well as confirmatory factor analysis. The results of the and structural model analysis moderation analysis are also presented.

#### **4.2 Descriptive Analysis**

The main purpose of descriptive statistics is to organize, summarize and display statistical information of variables effectively (Mordkoff, 2016) and involves the numerical and graphical presentation of information about the location (centre), spread (variability), and shape (distribution) of the variables (NCSS, 2019). Pallant (2010) posits earlier that data validation and inferential statistical analysis should be preceded by a descriptive analysis of data. In line with the above arguments, this study describes the location (central tendency), variability (dispersion) and shape (distribution) of data collected. In addition, the demographic characteristics of respondents are also presented.

Jaggi (2003) indicated that the mean, the mode and the median are the three major types of estimates of a central tendency. However, mean is the most common measure of a central tendency (Jaggi, 2003). Variability (otherwise referred to as dispersion) indicates is a measure of the ‘scatterness’ of observations from their average (Jaggi, 2003). It therefore indicates that

how far or close individual data points are away from the mean. Measures of variability include range, interquartile range, variance and standard deviation (Mordkoff, 2016). However, both the range and interquartile range are very susceptible to the influences of outliers and are thus weak measures of dispersion (Mordkoff, 2016). Jaggi (2003) posits that the standard deviation is a more accurate and detailed estimate of dispersion. The shape of the distribution describes the pattern of the values along a number line, and is critical in determining the normality of the data set. The most popular measures of shape are skewness and kurtosis (NCSS, 2019). Skewness is a measure of symmetry, which may be positive, negative or zero (Mordkoff, 2016) and normality is accepted if the endogenous variables have the absolute value of skewness between +2 and -2 (Kline, 2011). Kurtosis is a measure of ‘peakedness’ or the ‘flatness’ of the distribution when comparing with normal distribution (Hair et al., 2006) with the acceptable range being -3 to +3 (Hair et al., 1998).

In line with the above arguments, the main constructs of the study were descriptively analysed using measures of central tendencies (mean), measures of dispersion (standard deviation) and measures of shape (kurtosis and skewness). Table 1 presents the results of the descriptive for this study.

**Table 4.1 Descriptive Statistics of Constructs, Mean, Standard Deviation, and Normality**

<b>Corporate Social Responsibility (Social Dimension)</b>	<b>Mean</b>	<b>Standard Deviation</b>	<b>Skewness</b>	<b>Kurtosis</b>
Our organization is aware of the employees’ quality of life	3.82	0.94	-1.02	0.93
Our organization helps to solve social problems	3.83	0.93	-1.21	1.45
Our organization actively participates in social and cultural events	3.75	0.93	-0.92	0.66

Our organization contributes to campaigns and projects that promote the well-being of the society.	3.72	0.92	- 0.79	0.42
<b>Corporate Social Responsibility (Environmental Dimension)</b>				
Our organization implements special programs to minimize its negative impact on the natural environment	3.55	1.15	-0.776	-0.27
Our organization participates in activities which aim to protect and improve the quality of the natural environment	3.42	1.09	-0.526	-0.52
Our organization take energy savings into account in order to improve the levels of efficiency	3.51	1.10	-0.661	-0.38
<b>Corporate Social Responsibility (Economic Dimension)</b>				
Our organization strives to enhance stable relationships of collaboration and mutual benefit with our suppliers	3.94	0.91	-1.05	1.35
Our organization understands the importance of incorporating responsible purchasing	3.72	0.99	-0.77	0.35
Our organization fosters business relationships with companies in this region	3.76	1.07	-0.80	0.12
<b>Board composition</b>				
No former CEO serves on board.	3.62	1.05	-0.68	-0.25
Board is controlled by more than 50% independent outside directors	3.49	1.06	-0.51	-0.55
Compensation committee is comprised solely of independent outside director	3.69	0.94	-0.65	-0.16
Nominating committee is comprised solely of independent outside directors.	3.54	1.00	-0.43	-0.52

<b>Board Size</b>				
Size of board of directors is at least six but not more than 15 members	3.68	1.031	-0.79	0.19
Size of the board is adequate for effective monitoring	3.84	1.01	-1.01	0.72
Shareholder approval is required to change board size.	3.77	-0.85	-0.85	0.30
<b>Institutional Ownership</b>				
All directors with more than one year of service own stock.	3.61	1.08	-0.90	0.21
Officers' and directors' stock ownership is at least 1% but not over 30% of total shares outstanding.	3.70	1.08	-0.37	0.23
Executives/Directors are subject to stock ownership guidelines	3.52	1.14	-0.79	-0.15
<b>CEO- Chair Duality</b>				
The CEO and chairman duties are separated	3.78	0.99	-0.86	1.41
The lead director's role is specified	3.78	1.03	-0.88	0.21
CEO does not serve on important compensation committee	3.82	0.95	-1.00	1.01
<b>Top Management Commitment</b>				
Our top management supports CSR practices	3.78	1.01	-0.76	0.09
Top management is willing to invest resources required for CSR	3.89	0.97	-1.08	1.15
Top management has a substantial influence on adoption of CSR activities	3.8	0.99	-0.84	0.33
Our top management always attempts to go beyond basic compliance with laws and regulations on environmental issues	3.89	0.97	-0.93	0.57

<b>Corporate sustainability</b>				
Our organization has operated its business in a less environmentally harmful impact than in previous years or than its competitors	3.85	1.04	-0.99	0.52
Our organization has reduced environmental impacts of production processes or eliminated environmentally damaging processes	4.02	0.88	-1.24	2.01
Our organization has considered interests of stakeholders in investment decisions by creating a formal dialogue	4.00	0.91	-1.18	1.66
Our organization has recognized and acted on the need to fund local community initiatives	3.82	0.99	-0.19	0.42
Our organization has created spin-off technologies that could be profitably applied to other areas of the business	3.86	1.00	-1.01	0.77

From the above table, the skewness of the constructs ranges between -1.24 and -0.79 and kurtosis values range between 2.01 and -0.15 which were within the acceptable ranges of +2 and -2 for the skewness and -3 to +3 for kurtosis respectively (Kline, 2011). Therefore, the normality of the endogenous variables is acceptable.

### **4.3 Demographic Description**

The profiles of the respondents are presented in Table 5.2 below. Respondents have been profiled according to gender, educational qualification, area of work experience, annual revenue of organization and the industry type

**Table 4.2: Demographic Description**

<b>Characteristic</b>	<b>Category</b>	<b>Frequency (N= 397)</b>	<b>Percentage (%)</b>
Gender	Male	194	48.9
	Female	203	51.1
Education	High School or equivalent	24	6.0
	Bachelor's degree	305	76.8
	Masters or higher	68	17.1
Area of Work Experience	Risk Management	12	3.0
	General Management	119	30.0
	Finance	104	26.2
	Insurance	24	6.0
	Accounting	68	17.1
	Others	70	17.6
Annual Revenue of company	GH¢ 250,000,000 or below	68	17.1
	Greater than GH¢ 250,000,000 but below GH¢500,000,000	144	36.3
	Greater than GH¢500,000,000 but below GH¢1,000,000,000	93	23.4
	Greater than GH¢ 1,000,000,000 but below GH¢2,500,000,000	20	5.0
	GH¢2,500,000,000 or greater	72	18.1
Industry Type	Energy, Oil and Gas and Mining	33	8.3
	Finance, Banking, Insurance	44	11.1
	Government, Education, Non-profit	42	10.6
	Lumber, Furniture, Paper and Packaging	19	4.8
	Manufacturing	28	7.1
	Other	231	58.2

From the table above, the majority of the respondents in Ghana are females (51.1%, n= 203) whilst the males were 48.8% (n= 194). As regards the educational qualifications of the respondents, majority of the respondents possessed a bachelor's degree 76.8% (n=305), whereas, 17.1 % (n=114) were Master's degree holders with the 6% (n=24) having a high school certificate or its equivalent. With respect of the respondents' area of work experience, 30% (n=119) indicated that they have experience in general management while a similar number, that 104 (26.2%) had experience in finance. Other areas of experience include accounting (n= 68, 17.1%), risk management ( n= 12, 3%) and other units or departments within the various organizations (n= 70, 17.6%). Majority of the respondents ( n= 231, 58.2%) belong to firms other than Energy, Oil and Gas and Mining, Finance, Banking, Insurance, Government, Education, Non-profit, Lumber, Furniture, Paper and Packaging, Manufacturing which includes all other telecom industry, fashion, etc. Most of the firms (n=144, 36.6%) had their annual revenue falling between GH¢ 250,000,000 and GH¢500,000,00. The researcher did not skew any of the above profiles to suit a particular parameter. All respondents were contacted and only partook in the exercise as a result of their availability and willingness to participate. In total, 397 valid responds were analysed.

#### **4.4 Exploratory Factor Analysis (EFA)**

Before the CFA was conducted, the EFA was conducted using maximum likelihood with Promax rotation to examine whether the observed variables loaded as expected, were adequately correlated, and met criteria of reliability and validity. Promax was chosen because the dataset is quite large (n = 397) and ProMax can account for the correlated factors. Prior to conducting the EFA, Kaiser–Meyer–Olkin (KMO) measure of sampling adequacy were used to assess the suitability of the questionnaire. The results reveal that KMO=0.83 indicating the

suitability of conducting exploratory factor analysis. According to Hair et al. (2010), the KMO should be greater than 0.60 to proceed with the EFA.

Subsequently, an EFA with Promax rotation was performed to explore the dimensionality of the constructs. All the items loaded on a single factor, suggesting that all the measurements were unidimensional. The loadings exceed the 0.60 threshold with no evidence of cross-loadings (Byrne 2010).

#### **4.5 Dealing with Common method bias (CMB)**

Common method bias might occur when data is collected from the same survey instrument, particularly, when both the predictor and criterion variables are obtained from the same source at the same time (Podsakoff, Mackenzie, Lee & Podsakoff., 2003). If a single factor emerges from the factor analysis, that result would indicate that the data suffered from a common method bias problem. Harman's single factor test was conducted to provide an additional check for common method bias by entering all items into a principal component factor analysis without a rotation (Podsakoff & Organ, 1986). The total variance for the single factor should be less than 50% to confirm that there is no issue with common method bias (Podsakoff et al., 2003). In this study, the results indicate that all factors are extracted with the first factor accounting 19.3% of total variance, which confirmed that common method bias is unlikely to be a concern in our data.

Total Variance Explained							
Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings
	Total	% Of Variance	Cumulative %	Total	% Of Variance	Cumulative %	Total
1	6.200	19.374	19.374	2.225	6.953	6.953	4.790
2	3.541	11.065	30.438	5.496	17.176	24.128	4.112
3	3.031	9.472	39.910	2.982	9.320	33.449	2.603
4	2.820	8.814	48.724	2.540	7.939	41.388	2.671
5	1.945	6.079	54.803	1.710	5.343	46.730	2.117
6	1.603	5.011	59.814	1.333	4.165	50.895	2.372
7	1.292	4.037	63.851	1.028	3.214	54.109	2.060
8	1.061	3.315	67.165	0.708	2.213	56.322	4.441
9	0.789	2.465	69.630	0.757	2.365	58.687	2.246
10	0.768	2.400	72.030				
11	0.703	2.197	74.227				
12	0.639	1.997	76.224				
13	0.592	1.851	78.076				
14	0.586	1.832	79.908				
15	0.546	1.705	81.613				
16	0.502	1.570	83.182				
17	0.475	1.484	84.666				

18	0.442	1.382	86.048				
19	0.429	1.341	87.389				
20	0.409	1.279	88.668				
21	0.385	1.204	89.872				
22	0.380	1.187	91.059				
23	0.364	1.136	92.195				
24	0.341	1.065	93.260				
25	0.323	1.009	94.269				
26	0.301	0.941	95.210				
27	0.296	0.924	96.134				
28	0.280	0.875	97.009				
29	0.265	0.828	97.837				
30	0.254	0.795	98.632				
31	0.226	0.706	99.338				
32	0.212	0.662	100.000				

#### 4.6 Confirmatory Factor Analysis

To validate the scales used and test for convergent and discriminant validity, all independent and dependent latent variables were included in one multifactorial confirmatory model (CFA) with a robust maximum likelihood estimation method (MLR). To estimate the multifactorial CFA model, each item was specified to load into its specific factor and the error terms were independent, hence the measurements were unidimensional.

The chi-square test statistic, comparative fit index (CFI), the Tucker–Lewis’s index (TLI), and the root mean square error of approximation (RMSEA) served as the indices to assess the CFA

model's goodness-of-fit (GOF). Values above the threshold of 0.90 for CFI and TLI and below 0.08 for RMSEA indicate a good fit of the model to the data (Kline, 2011). The results of the CFA indicate that the nine-factor model had an excellent fit with the data. The GOF values were as follows:  $\chi^2/df = 731.16/428$ ; CFI = 0.94, TLI = 0.94, and RMSEA = 0.04 [90% confidence interval (CI): 0.03–0.04]. The standardized RMR was 0.052.

#### **4.7 Reliability Testing**

The reliability is a measure of the degree of accuracy or precision in the measurements made by a research instrument (Pallant, 2011) which is usually measured in SEM by using Cronbach alpha ( $\alpha$ ) values and composite reliability (CR) (Hair et al., 2017). As shown in table, 5.3, the Cronbach's alpha value for each scale was above the recommended threshold of 0.70 (Hair et al., 2017) and the CR values ranged from 0.77 to 0.87, which exceeded the recommended 0.70 threshold value (Hair et al., 2017). Therefore, the internal consistency of each scale was confirmed. Furthermore, The AVE values were higher than the acceptable value of 0.50 (Fornell & Larcker, 1981), ranging from 0.51 to 0.64. Therefore, the reliability of the scales was confirmed.

**Table 4.3 Construct Reliability**

<b>Construct</b>	<b>Average Variance Extracted (AVE)</b>	<b>Composite Reliability (CR)</b>	<b>Cronbach's Alpha (<math>\alpha</math>)</b>
Corporate Social Responsibility (Social Dimension)	0.57	0.87	0.83
Corporate Social Responsibility (Environmental Dimension)	0.60	0.82	0.82
Corporate Social Responsibility (Economic Dimension)	0.60	0.82	0.79
Board composition	0.51	0.81	0.8
Board Size	0.52	0.76	0.72
Institutional Ownership	0.64	0.85	0.84
CEO- Chair Duality	0.52	0.77	0.75
Top Management Commitment	0.63	0.84	0.87
Corporate sustainability	0.58	0.87	0.87

**Source: Field Data, 2021**

#### **4.8 Validity Testing**

Babbie (2005) describes validity as the extent to which an empirical measure adequately reflects the real meaning of the concept under consideration. It implies that the indicators and dimensions used to measure a construct should measure exactly what they intend to measure. The validity of the measurement models in this study is evaluated using convergent validity and discriminant validity (Hair et al., 2017).

To establish convergent validity, scholars recommend that standardized factor loadings provided by the CFA should be at least 0.5 (Fornell & Larcker, 1981; Hair et al., 2014). From the table 5.5, all the standardized loading estimates were statistically significant and above the recommended threshold of 0.50, giving evidence of convergent validity.

**Table 4.4: Factor Loadings of Variables**

<b>Construct</b>	<b>Details (Items)</b>	<b>Standardized loading</b>
Corporate Social Responsibility Dimension	CSR_S1	0.77
	CSR_S2	0.80
	CSR_S3	0.71
	CSR_S4	0.66
Corporate Social Responsibility (Environmental Dimension)	CSR_EN1	0.79
	CSR_EN2	0.78
	CSR_EN3	0.75
Corporate Social Responsibility (Economic Dimension)	CSR_EC1	0.71
	CSR_EC2	0.81
	CSR_EC3	0.74
Board composition	BC_1	0.72
	BC_2	0.80
	BC_3	0.71
	BC_4	0.63
Board Size	BZ_1	0.77
	BZ_2	0.77

	BZ_3	0.61
Institutional Ownership	INO_1	0.78
	INO_2	0.87
	INO_3	0.75
CEO- Chair Duality	CCD_1	0.71
	CCD_2	0.74
	CCD_3	0.71
Top Management Commitment	TP_1	0.73
	TP_2	0.83
	TP_3	0.84
	TP_4	0.76
Corporate sustainability	CSU_1	0.75
	CSU_2	0.78
	CSU_3	0.77
	CSU_4	0.77
	CSU_5	0.74

**Source: Field Data, 2021**

To test for discriminant validity, the average variance extracted (AVE) and the square roots of the AVE scores across the correlations among the constructs were assessed. The AVE scores ranged from 0.55 to 0.74 and were equal to or higher than the acceptable value of 0.50 (Bagozzi & Yi, 1988). In addition, the composite reliability (CR) was used to test unidimensional nature of the constructs and was above the recommended threshold of 0.7. Furthermore, the discriminant validity problems are detected through comparing the square root of AVE with the correlations among constructs (Kline, 2011). For the study to be free from discriminant

validity problems, the square root of AVE must be larger than the correlation among constructs. After the analysis, it was found that the square roots of the AVE scores were higher than the correlations across the factors, providing evidence for discriminant validity. Furthermore, the CR values were greater than the AVE values (Byrne 2010), which provides further evidence of discriminant validity. Result is presented in 5.6

**Table 4.5: Validity Scores**

Construct	AVE	CR	CSR_S	CSR_EN	CSR_ EC	BC	BZ	INO	CCD	TP	CSU
CSR_S	0.57	0.87	<b>0.75</b>								
CSR_EN	0.60	0.82	0.45	<b>0.77</b>							
CSR_EC	0.60	0.82	0.05	0.03	<b>0.77</b>						
BC	0.51	0.81	0.05	0.03	0.36	<b>0.71</b>					
BZ	0.52	0.76	0.07	0.17	0.04	0.16	<b>0.72</b>				
INNO	0.64	0.85	-0.02	0.07	0.05	0.11	0.71	<b>0.80</b>			
CCD	0.52	0.77	0.02	0.05	0.01	0.15	0.69	0.71	<b>0.72</b>		
TP	0.63	0.84	0.14	0.06	0.06	0.14	0.47	0.65	0.65	<b>0.79</b>	
CSU	0.58	0.87	0.10	0.04	0.05	0.6	0.4	0.2	0.07	0.09	<b>0.76</b>

**Source: Field Data, 2021**

*Note: The square root of the average variance extracted values appear in bold*

CR=composite reliability; AVE= average variance extracted; **CSR\_S** = Corporate Social Responsibility (Social Dimension) ; **CSR\_EN** = Corporate Social Responsibility

(Environmental Dimension) ; **CSR\_EC** = Corporate Social Responsibility (Economic Dimension); **BC** = Board composition; **BZ** =Board Size; **INO** = Institutional Ownership; **CCD** = CEO- Chair Duality; TP= Top Management Commitment; **CSU**= Corporate sustainability

### 43.9 Hypothesis Testing

To test the directional hypotheses, all the latent variables were included in a single structural model. The maximum likelihood estimator was used. The results of the path analysis indicate that the eight-factor structural model had a good fit to the data. The GOF values were as follows:  $\chi^2(df) = 731.16 (428)$ ; CFI = 0.96, TLI = 0.95, and RMSEA = 0.04 (90% CI: 0.04–0.05). The Standardized RMR = 0.05.

The results obtained reveals that board composition has a positive and significant influence the economic dimension of CSR ( $\beta = 0.412$ ;  $t$ -value = 0.48;  $p$ -value = 0.63), leading to the acceptance of H1a. However, board composition did not have any influenced did not have any significant influence on the environmental dimension of CSR. Therefore hypothesis, H1b ( $\beta = 0.001$ ;  $t$ -value = 0.006 ;  $p$ -value = 0.99), was also rejected . Similarly, board composition did not exhibit any significant influence on the social dimension of corporate social responsibility, which led to the rejection of hypotheses H1c ( $\beta = 0.057$ ;  $t$ -value = -0.041;  $p$ -value = 0.69).

The findings of this study further reveals that board size had no significant relationship with economic dimension of CSR, leading to the rejection of H2a ( $\beta = 0.07$ ;  $t$ - value = 0.32;  $p$ - value = 0.751). Nonetheless, board size had positive and significance influence on environmental dimension of CSR as well as social dimension of CSR, leading to the acceptance hypothesis H2b ( $\beta = 2.76$  ;  $t$ -value = 2.69;  $p$  value = 0.007) and H2c ( $\beta = 1.96$  ;  $t$ -value = 3.29;  $p$  value = 0.001) and respectively.

Institutional ownership showed no significant influence on economic dimension of CSR ,therefore H3a was rejected ( $\beta = -0.15$ ;  $t\text{-value} = -0.85$ ;  $p\text{ value} = 0.40$ ) . However, institutional ownership showed a positive relationship with environmental dimension and social dimensions of CSR leading to the acceptance of H3b ( $\beta = 1.47$ ;  $t\text{-value} = 2.04$  ;  $p\text{ value} = 0.04$ ) and H3c ( $\beta = 1.19$ ;  $t\text{-value} = 2.65$ ;  $p\text{ value} = 0.008$ ).

CEO- Chair Duality showed no influence on the economic dimension of CSR and this resulted in a rejection of H4a ( $\beta =$  ;  $t\text{-value} = -0.897$ ;  $p\text{ value} = 0.37$ ). The results however indicated that CEO-Chair Duality had negative influence on environmental and social dimensions of CSR. Therefore, hypothesis H4b( $\beta = 1.46$ ;  $t\text{-value} = 2.012$   $p\text{ value} = 0.004$ ) and H4c ( $\beta = 1.2$ ;  $t\text{-value} = 2.7$ ;  $p\text{ value} = 0.007$ ) were confirmed.

The economic dimension of CSR had no significant influence on corporate sustainability, therefore H5a was rejected ( $\beta = 0.23$ ;  $t\text{-value} = -1.184$   $p\text{ value} = 0.236$ ) . Environmental dimension of CSR had a positive relationship with corporate CSR leading to the acceptance of H5b ( $\beta = 0.19$  ;  $t\text{-value} = 2.638$  ;  $p\text{ value} = 0.008$ ) . Similarly, social dimension of CSR had a positive and significant influence on corporate sustainability, thus H5c( $\beta = 0.23$ ;  $t\text{-value} = 3.186$ ;  $p\text{ value} = 0.001$ ) was confirmed.

Presented in Table 5.8 is a summary of the computations relating to the tests of the hypotheses in this study.

**Table 4.6: Path Analysis using SEM**

Hypothesis	Path	Beta	t-values	p-values	Result
H1a	BC → CSR_EC	0.41	5.53	0.001	Accepted
H1b	BC → CSR_EN	0.001	-0.02	0.99	<i>Rejected</i>
H1a	BC → CSR_S	-0.06	-0.41	0.69	<i>Rejected</i>
H2a	BZ → CSR_EC	0.08	0.327	0.74	<i>Rejected</i>
H2b	BZ → CSR_EN	2.76	2.69	0.007	Accepted
H2c	BZ → CSR_S	1.96	3.29	0.001	Accepted
H3a	INO → CSR_EC	-0.15	-0.897	0.39	<i>Rejected</i>
H3b	INO → CSR_EN	1.47	2.04	0.04	Accepted
H3c	INO → CSR_S	1.19	2.65	0.008	Accepted
H4a	CCD → CSR_EC	0.03	-0.08	0.93	<i>Rejected</i>
H4b	CCD → CSR_EN	-3.76	-2.49	0.001	Accepted
H4c	CCD → CSR_S	-2.77	-3.14	0.002	Accepted
H5a	CSR_EC → CSU	0.07	-1.184	0.236	<i>Rejected</i>
H5b	CSR_EN → CSU	0.19	2.638	0.008	Accepted
H5a	CSR_S → CSU	0.23	3.186	0.001	Accepted

**Source: Field Data, 2021**

*Notes:* **CSR\_S** = Corporate Social Responsibility (Social Dimension) ; **CSR\_EN** = Corporate Social Responsibility (Environmental Dimension) ; **CSR\_EC** = Corporate Social Responsibility (Economic Dimension); **BC** = Board composition; **BZ** =Board Size; **INO** = Institutional Ownership; **CCD** = CEO- Chair Duality; **TP**= Top Management Commitment; **CSU**= Corporate sustainability

### ***Moderation analysis***

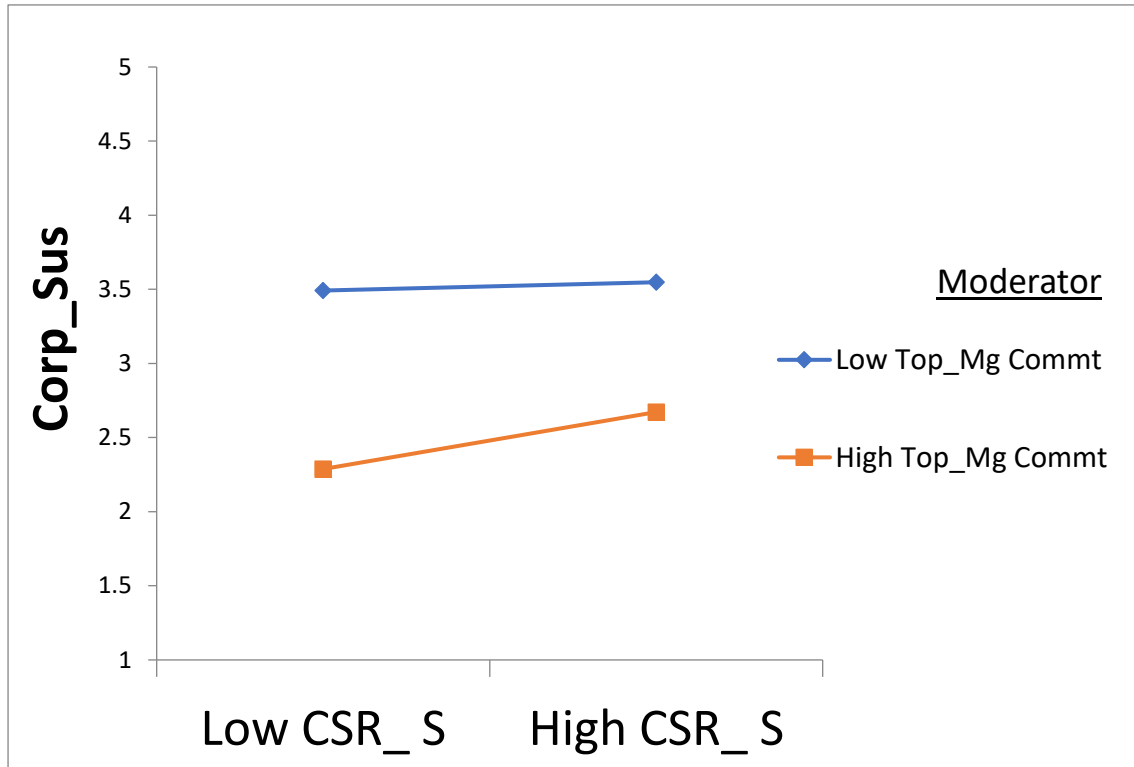
To test for the moderation effects, *Amos 24* with 2,000 bootstrap samples was used. Since no significant relationship was found between the relationship that exist between the economic dimension of CSR and corporate sustainability and the moderating effect of top management commitment on these relationships were not tested. Therefore, H6a is rejected as top management commitment was found not be moderate the relationship between economic dimension of CSR and corporate sustainability

However, the interactive effect of top management commitment on the relationship between the environmental dimension of CSR and corporate sustainability was found to be significant ( $\gamma$  (S.E) = 0. 026,  $p = 0.01$ ). The significant interactive effect indicated that top management commitment is a moderator within the of the environmental dimension of CSR and corporate sustainability. Hence H6b was confirmed.

The moderating role of top management commitment was not tested on the relationship between the social dimension and corporate sustainability as the result further indicates that there was no significant interaction between the social dimension and corporate sustainability. Therefore, hypothesis H6c is rejected.

Following Aiken and West's (1991) recommendation, to probe these interactions, this research drew an interaction plot and the unstandardized estimates are plotted onto the '2-Way Interaction Tab' in the 'Statistical Tools Package' in MS Excel (Gaskin, 2012) which have been illustrated graphically in Figure 1. This was to illustrate the change in slopes across varying levels of the moderator. The graph indicates that top management commitment

strengthens the positive relationship between the environmental dimension of CSR and corporate sustainability



## **CHAPTER FIVE**

### **DISCUSSION, LIMITATIONS AND DIRECTION FOR FUTURE RESEARCH**

#### **5.1 Introduction**

This chapter provides a discussion on the empirical outcome of the findings and their significance, particularly in relation to findings from other studies reported in the literature. The chapter begins with the highlight of the research objectives. This is followed by the discussion of the findings relating to each research objective in sequential order. The chapter then concludes with the limitations of the research.

#### **5.2 Discussion of Study Findings**

The main objective of this study to assess the influence of corporate social responsibility on corporate sustainability with corporate governance as an antecedent to corporate social responsibility. The study further sought to examine how top management commitment moderates the relationship between the various dimensions of CSR and corporate sustainability. The results found from the current research have been deliberated upon in a detailed manner in relation to the objectives as stated in the first chapter of the study.

Drawing on the stakeholder theory and agency theory, this study argued that when, the various indicators of corporate governance will show varying effects on CSR. The findings of this research are discussed in the subsequent paragraphs in line with the objectives stated in the first chapter.

##### **5.2.1 Relationship between Corporate Governance and Corporate social Responsibility**

The findings of this study indicate mixed relationships between of the various corporate governance indices and the dimensions of corporate social responsibility. The findings agrees with the assertion by Young and Thyil (2014) that governance systems and their interactions

with CSR are fluid in according to changes in the national and institutional framework, economic conditions, and industry impact.

As indicated by Karim et al. (2020), there have been mixed results regarding the relationship between board composition and CSR. Results indicate that board composition positively influenced the economic dimension of CSR. However, board composition did not influence the social and environmental dimension. This partly confirms the findings of Lau et al. (2016) where board composition was found to have no significant influence on CSR. Cultural and economic differences could account for these differences as national culture dimensions have been found to both positively and negatively impact CSR performance depending on a given dimension of CSR (Thanetsunthorn, 2015). These results implies that board composition is influential in impacting on how firms work to increase profitability to ensure sustainability and at the same time strategically position firms to compete favourable against competitors and maintain its market value.

In addition, board size exerted varying influence on the various dimensions of CSR. The findings of this study found that board size had no significant relationship with economic dimension of CSR, but however board sized showed a positive and significance influence on environmental dimension of CSR as well as on the social dimension of CSR. These findings confirms the assertion by Rouf and Hossan (2021) that there are contradictory findings regarding the relationship between board size and CSR .

Similar to the results obtained for board size, institutional ownership showed no significant influence on economic dimension of CSR, but had a positive relationship with environmental dimension and social dimensions of CSR. The differences observed from these findings

indicate that board size and institutional ownership have impact on how firms churn out their environmental and social dimensions of CSR.

Furthermore, as expected that CEO-Chair Duality had negative influence on environmental and social dimensions of CSR but failed to have any influence on economic dimension of CSR. It can therefore be said that CEO-Chair Duality impact how firms perform their social and environmental responsibilities as CEO- Duality concentrates power and major decision making to only one person. Therefore, for effective implementation of environmental and social dimensions of CSR, firms must ensure that the roles of CEO and Board chair are separated.

### **5.2.2 Corporate Social Responsibility (CSR) and Corporate Sustainability (CS)**

Contrary to expectations, the economic dimension of CSR had no significant influence on corporate sustainability. However, the positive relationship between environmental dimension and social dimensions of CSR and corporate sustainability was confirmed.

### **5.3 Moderating Role of Top Management Commitment**

The study failed to find any moderating effect of top management commitment on the relationship between the economic dimension of CSR and corporate sustainability. Similarly, the moderating role of top management commitment was not tested on the relationship between the social dimension and corporate sustainability as the result further indicates that there was no significant interaction between the social dimension and corporate sustainability. However, the moderating role of top management commitment was confirmed for the relationship between environmental dimension of CSR and corporate sustainability. These findings imply that top management commitment play a partial role in influencing the CSR activities that could lead to the achievement of corporate sustainability goals.

#### **5.4 Theoretical Implications**

The findings of this study have some theoretical implications. The presented study has tried to link how corporate governance measures contribute to the promotion of corporate social responsibility in the context of manufacturing firms in Ghana. The study has tried to bring forward the inter-linkages between three different research streams i.e., corporate governance, corporate social responsibility and corporate sustainability. Even though, previous studies have highlighted the link between these constructs, the examination of these linkages within a single study is sparse and therefore, this study contributes to the extension of the understanding of these corporate governance fosters CSR activities which in turn impact firms' corporate sustainability achievement. Furthermore, the findings of the study point out of the differences of how the various indicators of corporate governance relate to the various dimensions of CSR. Thus, the theoretical understanding of these linkages is expanded.

In addition, this study adds to the existing body of literature on the linkage between CSR and corporate sustainability by examining the moderating effect of top management commitment on the link between CSR and corporate sustainability. The findings extend the theoretical understanding of the conditions under which certain the various dimensions of CSR can promote corporate sustainability.

Further, the study findings advance the social exchange theory was gives an explanation that employees would exhibit innovative behaviour when they perceive that HR- practices that are directed at them are beneficial, then they would reciprocate this gesture by displaying innovative behaviour.

Further contribution of this study comes from the empirical evidence from a developing country context in sub-Saharan Africa. The distribution of literature in the current research

strongly reveals that most of the extant works are concentrated in developing economies are less represented regions with a few studies from Africa. As a result, there is relatively scarce evidence from developing economy contexts.

### **5.5 Managerial Implications**

The findings of this study have some managerial implications. First, the study findings suggest some characteristics of CSR can play an influential role in CSR which would influence the achievement of firms' sustainability goals while others tend to negatively influence CSR activities. The results therefore highlight the crucial role played by these corporate governance characteristics in contribution to the achievement of business sustainability. Therefore, all stakeholders must be involved to ensure that proper controls are put in place within firms as these will foster the achievement of sustainability goals.

### **5.6 Limitation of Study**

There were several limitations in this study that need to be mentioned. First, this research was limited to the manufacturing industry. In addition, this study was limited to Ghana, an emerging economy with unique socio-cultural dynamics. Organizational culture and national the results obtained for this study. As a result, the findings may not be reflective of the views of industries in other geographical locations

Secondly, only four indicators of governance considered were considered for this study. Therefore, caution should be taken when interpreting and generalizing the findings in respect to the other characteristics of corporate governance.

Even though, the likelihood that the findings are influenced by common method bias was limited, data was collected at same point in time. Because of its cross-sectional research design, this study cannot firmly establish causality among the study variables

### **5.7 Directions for Future Research**

Based on the findings emanating from this research as well as the limitations outlined above suggest the need for further research in the area under study.

First, future studies can be conducted in other industries and other countries to confirm the results obtained from this study, as different results may be obtained due to differences in organizational culture and national culture.

In addition, it would also be interesting to conduct a comparable study to compare the results obtained here in this emerging economy with that of a developed economy.

In addition, the influence other moderators and mediators could be examined to understanding their effect on the link between corporate governance, CSR and corporate sustainability.

Furthermore, future studies can consider other indicators of corporate governance and assess their influence on the various dimensions of CSR as well as their linkage with the three dimensions of corporate sustainability.

Longitudinal studies may be conducted to establish causal relationships between the variables examined. In addition, a mixed method approach could be conducted to explore and established deeper understanding of the results obtained.

## **5.8 Conclusion**

Corporate governance systems exhibit varying their interactions with CSR dimensions due to changes in the national and institutional framework, economic conditions as well as the type of industry .

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