

Corporate Social Responsibility and Customer Patronage of Small and Medium Enterprises in Kwara State, Nigeria

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Abstract

Corporate social responsibility and its influence on customers' patronage of SMEs in the Ilorin metropolis of Nigeria were researched to assess the environmental focus of CSR activities and their relationship to customer patronage and to evaluate the effects of philanthropic CSR activities on customer patronage. A quantitative survey design was employed, and a structured questionnaire was utilised as the primary data collection instrument. The study population consisted of all owners and operators of SMEs in the Ilorin metropolis of Kwara State. Taro Yamane's mathematical formula was used to determine a sample size 384 for the study. The study's hypotheses were tested, and the relationships between the variables and the significant predictors were explored through linear regression analysis. The results revealed that philanthropic CSR ($M = 3.72$, $r = .784$, $\hat{a} = .798$, $p < .001$) significantly and positively influences customer patronage, whereas environmental-focused CSR ($M = 3.78$, $r = .027$, $\hat{a} = -.092$, $p = .004$) has a weak and negative effect. The regression model explains 62.3% of the variance in customer patronage ($R^2 = .623$), with philanthropic CSR emerging as the stronger predictor. This study concludes that SMEs aiming to increase customer support should prioritise philanthropic CSR initiatives, such as community development and charitable contributions, over environmental CSR efforts. Therefore, the study recommends that companies treat corporate social responsibility (CSR) as an ongoing endeavour worth reconsidering and implementing some of its tenets.

Keywords: Customer patronage, Environmental-focused CSR, Philanthropy-focused CSR, Small enterprise, Medium enterprise.

Introduction

Organisations recognise Corporate Social Responsibility (CSR) as a key business strategy in our current global business era since stakeholders expect ethical practices in business operations. Companies now view CSR as essential for building brand trust and achieving sustainable growth while fulfilling CSR objectives (Carroll & Shabana, 2020). Companies increasingly use CSR to create long-term success and safeguard operations while exceeding basic regulations and marketing efforts.

Due to severe socioeconomic problems across Africa, corporate social responsibility activities hold special importance, particularly concerning poverty, environmental destruction, and inadequate facilities. The rise of businesses and organisations across Africa depend on effectively including responsible practices in their operations (Ojala & Hall, 2021). Given its substantial population and economic strength, Nigeria requires businesses to take corporate social responsibility seriously. The nation confronts numerous problems related to the environment, institutional trust, and regional business development, particularly among SMEs.

Customer patronage happens when consumers regularly support and buy the goods or services offered by a business. Small and Medium Enterprises (SMEs) in Kwara State recognise that attracting and retaining customers is crucial for staying ahead of rivals. While SMEs are key to economic growth because they offer work and spark innovation, many have difficulty garnering and sustaining customers. Building strong relationships and customer trust is becoming increasingly important because consumers are more responsive to ethical and socially responsible practices (Bello et al., 2024). When SMEs do not practise CSR properly, people are not loyal to the brand; the business has a poor image and little customer engagement. For this reason, businesses in the industry are seeing fewer customers, hurting their earnings and long-term survival ability. Therefore, knowing the effects of CSR on customers' habits is important for dealing with these challenges and boosting SME competitiveness in Kwara State.

Most Nigerian businesses are small and medium enterprises (SMEs), and they play a vital role in driving economic growth, job creation opportunities, and alleviating poverty. Although SMEs are highly significant, their operations face challenging business environments due to insufficient funding, weak regulations, and limited market entry opportunities (Bello et al., 2024). Modern research focuses on how businesses adopt corporate social responsibility actions, particularly environmental and philanthropic practices, to enhance their reputation, build customer patronage, and improve performance. Because Small and Medium Enterprises (SMEs) help increase the economy, create new jobs, and alleviate poverty, their performance is now a major concern worldwide. Even though they are significant, SMEs worldwide still battle with problems like insufficient finance, poor infrastructure, and weak management, which prevent them from performing and lasting (Canton, 2021). It is a serious concern in Nigeria because more than 80% of SMEs close within their first five years (SMEDAN, 2021). It is also clear in Kwara State that many SMEs have low profits, high staff changes, and do not perform well in the market. Previously, most studies looked at limiting factors related to finances and operations, not much has been done to study Corporate Social Responsibility (CSR) as a way to help SMEs succeed. As a result, there is a practical gap that the authors hope to bridge in this study. While most people link CSR with big businesses, emerging research points out that small firms can also use CSR to please customers, reinforce their reputation, and receive stakeholder support (Bello et al. 2024). Data on this subject from the Nigerian SME sector, especially Kwara State, is not extensive. As a result, this research suggests that CSR helps improve the performance of SMEs and endeavours to show evidence for this.

Many companies in Kwara State, Nigeria, now engage in Corporate Social Responsibility because customers want it, the community needs it, and environmental restrictions demand it (Ogunleye, 2021). Most progressive small-to-medium-sized businesses now allocate resources to environmental protection measures while channelling charitable funds into local communities through donations and sponsorships. Organisations engage in corporate social responsibility activities more frequently, but we still do not know how effectively these practices influence customer patronage. Academics have conducted extensive research on large corporations yet have not thoroughly examined small businesses, including those in Kwara State. Interval research

limits small business opportunities to evaluate whether investing in CSR programs is worthwhile.

Nigeria shows an increasing adoption of corporate social responsibility for environmental and philanthropic efforts by SMEs; however, researchers have not sufficiently measured their impact on customer patronage. Most research focuses on large corporate groups and global corporate social responsibility measurement factors. However, examining the effects of corporate social responsibility on customer behaviour in small companies is necessary. SMEs in Kwara State invest in corporate social responsibility to attract more customers, but scientific research on this connection is lacking, preventing them from tracking their corporate social responsibility outcomes. This research investigates how environmental and charitable corporate social responsibility initiatives influence customer patronage and business decisions at small and medium enterprises in Kwara State, North-Central Nigeria.

Research Objectives

The main objective of this study is to examine corporate social responsibility and its influence on small and medium-scale performance. The specific objectives were to:

- i. assess the relationship between environmental-focused CSR activities and SME customer patronage.
- ii. evaluate the influence of philanthropic CSR activities on SME customer patronage.

Research Questions

This study provides answers to the following research questions:

- i. Is there any significant relationship between environmental-focused CSR activities and SME customer patronage?
- ii. To what extent do philanthropic CSR activities influence SME customer patronage?

Research Hypotheses

For this study, the following hypotheses were tested:

Ho₁: Environmental-focused CSR activities have no significant influence on SME customer patronage.

Ho₂: Philanthropic CSR activities have no significant influence on SME customer patronage.

LITERATURE REVIEW

Conceptual framework

More and more, organisations are expected to pay attention to social responsibility, environmental matters, and profit. CSR is the ethical and voluntary part of the business that aims to boost society and sustainability. Because of growing goals for company responsibility, many now consider CSR a key way for organisations to build their reputations, improve performance, and establish trust among all stakeholders. This study analyses the connection between environmentally focused CSR and philanthropic aspects for SMEs in Kwara State, Nigeria.

Corporate Social Responsibility

Due to its complex nature, multiple scholars and professionals have developed diverse conceptualisations of Corporate Social Responsibility (CSR). As Carroll indicates (2016), the primary definition of CSR is the duty of companies to support their own benefits as well as the interests of the public. This means that organisations must focus on financial gains while also meeting social and environmental targets. Critics reject this definition as it prioritises shareholders while limiting organisations' opportunities to carry out CSR activities (Scherer & Palazzo, 2019).

Some also see CSR as a choice by companies to do more than what is required by law to address issues such as poverty, human rights, and environmental care for the environment (Porter & Kramer, 2019). This theory explains that CSR involves businesses partnering with various groups to generate shared social benefits for all parties involved. Studies have found that some critics believe that using CSR solely for reputation and profit is not the best way to implement it in practise (Crane et al., 2019).

Corporations are expected to act as social caretakers by attending to their shareholders, employees, customers, local communities and the environment (Freeman, 2010). Organisations implementing CSR pursue sustainably managed interactions with stakeholders toward mutual development. Businesses struggle to execute stakeholder-oriented CSR plans because they must handle debates between stakeholder demands and deal with power structures between different stakeholder organisations (Matten & Moon, 2018).

Corporate social responsibility also considers companies as entities belonging to the larger social community, having the same rights, duties, and responsibilities that individual citizens possess (Matten & Crane, 2020). Corporate citizenship is a form of active citizenship in society, ethical decision-making, and contribution to the public good. However, dissenters argue that CSR might manifest as citizenship since it could blur the distinctions between corporations and other societal actors, undermining social justice and accountability (Banerjee, 2018).

In the context of this study, Corporate Social Responsibility (CSR) is defined as a business taking responsibility for conducting operations economically, socially, and environmentally sustainable while also considering the interests of stakeholders, including the community, investors, customers, business partners, and employees.

Dimensions of Corporate Social Responsibility

I. Environmental-focused CSR

Activities related to the environment involve companies working to protect the environment, promote sustainability and help save natural resources. Since people are more concerned about the environment such actions are now seen as essential in maintaining corporate responsibility. While following environmental CSR guidelines is required by law, companies also do it to prove their commitment to the environment, enhance their reputation and bring positive results to their stakeholders (Matten & Crane, 2020).

Efficient use and saving of energy play a major role in CSR with an environmental focus. Companies establish policies to use less energy, make use of available resources fully and move to renewable sources of energy. To save energy and money, many organisations choose energy-efficient systems such as new HVAC systems, LED lighting and software for managing energy (Grewal et al., 2021). They can choose to lower greenhouse gas emissions, engage in activities to counteract the carbon they emit or take part in using renewable energy for environmental benefits (Bui et al., 2020).

Along with waste management and recycling efforts, CSR also focuses on the following elements for the environment. Companies make efforts to produce less waste, increase recycling and help develop the circular economy. Among these actions are cutting down on waste by redesigning packaging, setting up composting and teaming up with recycling vendors to remove garbage from landfills (Kumar & Rahman, 2019). Furthermore, there are companies that go beyond and reuse waste in their production processes, thereby cutting down on the number of new resources they must buy (Su & Heshmati, 2020). Moreover, environmental CSR covers activities that aim to save biodiversity and protect natural ecosystems. Businesses now realise that caring for nature, preserving rare animals and restoring damaged habitats are important for their ongoing success (Bocken et al., 2019). Hence, protecting biodiversity provides companies with greater resilience and helps preserve the resources they require as the business moves forward (Sullivan et al., 2021).

In this case, environmental corporate social responsibility (CSR) requires a business to try to reduce its harmful effects on nature. Common steps include saving resources, reducing pollution, managing waste, improving energy use, saving various species and fighting climate change. The objective is to serve as an agent for greater environmental sustainability and to align with the company's other social and ethical obligations.

II. Philanthropic CSR activities

Philanthropic CSR encompasses charitable activities undertaken by organisations to support societal welfare and address specific social challenges. Beyond legal and economic responsibilities, these activities promote various causes such as education, health, poverty eradication, and

community development. Corporate responsibility includes philanthropic CSR initiatives, integral to a company's social responsibility and ethical behaviour (Matten & Crane, 2020).

Employees actively participate in philanthropic CSR by donating money to nonprofit organizations, charities, and community groups. The financial resources allocated to the companies support initiatives such as educational scholarships, healthcare programs, disaster relief, and infrastructure development (Cruz & Scagnelli, 2019). For instance, Corporate Foundations or Corporate giving programs can be established by companies to provide financial support to underserved communities, increase access to education and healthcare, or respond to humanitarian crises (Birch et al., 2021).

Through social initiatives, companies design both employee engagement and volunteer programmes that fit in with their CSR goals. Aiming for a positive impact in the community, companies may organise community service activities, allow employees to join volunteer projects and introduce skills-based pro bono work (Spencer & Taylor, 2020). Empowering employees to volunteer and give to the community improves a company's reputation, encourages more people to shop there and raises morale among staff members (Stites Doe et al., 2019).

Besides, corporations often team up with nonprofits, governments and other partners to address serious social issues. Companies encourage social change by joining efforts, carrying out advocacy campaigns and offering capacity-building programmes to make use of their knowledge and professional networks (Brammer & Millington, 2020). As an example, organisations may collaborate with NGOs to address issues such as environmental protection, starting up new businesses for good and promoting diversity and inclusion (Orlitzky et al., 2020).

Corporate philanthropy involves various ways a business can market for a cause and attend conferences, cultural activities and events. Various companies use their brand to link with social concerns in order to advertise, draw consumers and boost their brand value (Lee & Kim, 2021). Companies that link their products or services with philanthropic endeavours achieve better market exposure and establish themselves as responsible, ethical organisations (Kotler & Lee, 2020).

Philanthropic CSR refers to companies' actions to volunteer for social causes and contribute to the welfare of communities through charitable donations, sponsorships, community projects, and other types of giving that are not directly related to the commercial aspect of the business. However, unlike legal or ethical responsibilities, philanthropic CSR is discretionary, as companies often pursue it to be seen as good corporate citizens who give back to society.

This research identifies environmental-focused CSR and philanthropic CSR as its primary concepts for two reasons: the course's selling point is its ability to satisfy the needs for measurability and contextual relevance in the SME sector. In many emerging economies, such as Nigeria and specifically in states like Kwara, small businesses often engage in CSR activities that are noticeable, impactful, and not very costly. Common CSR methods practised by small and medium enterprises include lowering waste, caring for nature, making donations, supporting community activities, and being helpful. They are deeply associated with how customers perceive a company, its reputation, and their level of trust, which further affects whether customers continue to use or recommend the brand.

These two dimensions may appear in the daily operations of organisations rather than being documented separately by smaller businesses. Consequently, considering environmental and philanthropic dimensions is beneficial for a more comprehensive analysis of customer patronage, especially where resources are limited, and the study scope is constrained. The main point is that previous research has mainly focused on how large companies address CSR, while the practises of SMEs in developing countries have been largely overlooked. Concentrating on these two elements makes this study practical for small businesses and government officials in the local area.

Customer patronage

Customer patronage is repeatedly buying goods or services from a company or brand over time. This demonstrates that the customer continues to support and favour a specific business

establishment for reasons such as the product being of good quality, offering the lowest price, convenience, and satisfaction (Lam et al., 2019). The first part of this section will look at different definitions of customer patronage as a measure of organisational performance. However, it is not a standard indicator in the service industry.

Customer patronage refers to the consistent purchase(s) of products from one company or brand. From this perspective, patronage is the amount customers are willing to spend on a particular business entity (from a competitive decision) rather than other options (Srivastava & Shrivastava, 2018). Factors such as brand patronage, product availability, quality of customer service, and value for money (even when service becomes salty) can influence patronage behaviour (Chen et al., 2021). This indicates that customer patronage can provide insight into the strength of the customer–business relationship and the company’s ability to attract and retain loyal customers.

From another perspective, customer patronage is a form of relationship between customers and businesses that is established on the basis of mutual trust, patronage, and satisfaction (Sarstedt et al., 2020). Patronage is the customer’s willingness to sustain a future relationship with a company since a positive experience with the company and positive perceptions of a brand (MartínezRuíz et al., 2020). Thus, from this point of view, client patronage extends to the brand’s long-term aims, and such aims’ support is achieved via frequent buys and continued patronage.

In addition, customer patronage can be viewed through the customers’ lifetime value (CLV), the overall net profit resulting from the customer while partnering with the company (Kumar & Pansari, 2016). Beyond just frequency and volume of purchases, an important aspect of CLV includes customer retention, cross-selling, referral behaviour, etc. CLV Customers who are high yielders contribute significantly to the company’s bottom line and are therefore considered important assets in the organisation (Reinartz et al., 2019). Customer patronage measured in terms of their CLV offers a comprehensive and longer-term perspective on the customer’s economic contribution to the business.

Regarding this study of CSR and organisational performance, customer patronage is a relevant and appropriate measure. Studying the impact of environmental-centred and philanthropic CSR activities on customer perception, attitude, behaviour, and resulting in higher patronage and repeat business (Yi & Gong, 2021). Moreover, companies that commit to social responsibility and ethical business practices will likely have loyal customers who value the company (Moon et al., 2019). Measuring customer patronage, therefore, can help determine the effectiveness of the CSR initiative in building customer trust and patronage and supporting the business in the long term.

Since growth and survival in emerging nations like Nigeria heavily rely on customer usage of their products or services, this research was chosen for the research. Most SMEs are smaller and depend on a few loyal customers year after year to maintain their business and sustain financial performance. Ghafoor et al. (2021) proposed that a company’s performance is indicated by how frequently and regularly its customers return to shop again. The value the firm offers and the trust it builds with customers are important elements in CSR programmes. Companies’ ESG initiatives and charitable deeds often enhance customer perceptions of their brands and influence their desire to purchase from those organisations (Lee & Kim, 2021).

Due to inadequate performance-tracking methods in SMEs, customer patronage is a direct measure of overall business performance. Unlike complex financial metrics, it easily indicates customer patronage, employee engagement with the company, and public support for its mission. Therefore, customer patronage levels have been selected because CSR activities directly influence them and represent a meaningful and usable performance indicator for local SMEs.

Theoretical Review

This study is underpinned by Stakeholder Theory, originally formulated by R. Edward Freeman (1984). This theory offers a comprehensive perspective on businesses’ responsibilities to various stakeholders.

Stakeholder Theory, first proposed by R. Edward Freeman in 1984, provides a foundational framework for understanding the relationship between businesses and the various parties affected by their actions. Unlike the traditional shareholder-centric model, which prioritises the interests of owners and investors, Stakeholder Theory posits that businesses should consider the needs, concerns, and impacts of all stakeholders involved in or affected by their operations – including employees, customers, suppliers, communities, and the natural environment (Freeman, 1984). The theory emphasises long-term value creation and responsibility through the involvement of a wide circle of stakeholders in a business.

This stakeholder-oriented perspective is especially pertinent to Small and Medium Enterprises (SMEs), which often operate near their communities and rely heavily on local trust, reputation, and relationships for survival and growth. While large corporations can afford to invest in financial and structural resources, SMEs do not have that luxury; consequently, the goodwill of their stakeholders is a critical intangible asset to sway customers, hire employees, retain suppliers, and even gain local support.

In the context of Corporate Social Responsibility (CSR), Stakeholder Theory provides a compelling rationale for why SMEs should engage in environmental and philanthropic initiatives beyond profit-making. About CSR – such as engaging in environmental protection, community development, and charitable giving – SMEs' responses to their stakeholders' concerns, especially those of local customers, regulators, and community members, are crucial. By aligning CSR efforts with stakeholder interests, SMEs can enhance their brand image, build customer patronage, and generate increased patronage, key indicators of SME performance.

Freeman et al. further argue that organisations are formed to operate within the sphere of society and the environment, including the externalities of their operations (2010). This statement holds particularly true for SMEs in developing economies; North-Central Nigeria SMEs, in particular, have much more evident societal needs and obligations to be socially responsible. In this setting, CSR becomes a moral or ethical duty and a strategic tool for competitive differentiation and business sustainability.

Nevertheless, Stakeholder Theory has faced criticism for the practical struggle of balancing conflicting stakeholder interests against financial objectives (Phillips, 2003). Allocating funds toward CSR initiatives for SMEs with limited resources may seem to conflict with short-term profit goals. However, a considerable amount of research and practical evidence shows that CSR activities can provide growth-enhancing, long-term performance benefits, such as customer satisfaction, employee loyalty, and market access, which can offset entry costs and support growth. Thus, applying Stakeholder Theory to the study of CSR and customer patronage provides a valuable lens for evaluating the strategic impact of CSR initiatives. It supports the notion that CSR is not merely a peripheral or charitable activity but a core business strategy that strengthens stakeholder relationships and enhances overall enterprise performance.

Empirical Review

Many studies have examined corporate social responsibility and related variables among companies in Nigeria and other countries. Abdullahi et al. (2020) examined how employee engagement affects the link between corporate social responsibility and organisational performance. For the research, employees working in various companies in Nigeria were included, and a sample of 300 individuals was drawn through convenience sampling. CSR practises, employee involvement and how the company is doing overall were explored using a questionnaire. Structural equation modelling (SEM) was used to check the relationships in the framework. It was revealed that when employees are engaged with CSR, the organisation's performance improves greatly. It was found that organisations gain from CSR by motivating employees and ensuring their involvement, leading to success.

Ojo and Ibrahim (2021) also researched "Corporate social responsibility and customer loyalty" in the Nigerian banking sector. The study focused on the impact of CSR on customers' opinions and loyalty towards banks. 421 bank customers in Nigeria were chosen from the population by using stratified random sampling. A questionnaire was used to gather the data, and statistical methods like regression analysis were used to analyse it. The findings reveal that social

responsibility in banking attracts more loyal customers. The research indicates that CSR activities are important in shaping a bank's image and promoting customer loyalty. It is important for banks and the business, as it encourages customers to keep banking there.

Furthermore, Eze and Uzuegbu (2019) explored how corporate social responsibility influenced the results of Nigerian manufacturing companies. This was done to understand the links between CSR and an organisation's financial and operational results for stakeholders. There were 250 respondents, all of whom were manufacturing employees and managers in Nigeria and the sampling was performed by selecting participants who fit the criteria. We collected the data using questionnaires and we then processed that data using inferential regression analysis and descriptive statistics. It was found that using CSR strategies is strongly linked to an organisation's success. Firms that participate in CSR earn higher profits, operate more efficiently and satisfy those involved. The study shows that CSR contributes to the overall success of organisations in the Nigerian manufacturing sector.

Using evidence from the US banking sector, Chen and Chang (2022) conducted a foreign study examining how corporate social responsibility shapes a company's success. This research aims to analyse how CSR impacts both the stock prices and the standing of banks among their customers. The banks in the sample came from a population of 126 randomly selected US banks. The company's financial reports, CSR statements and surveys of customers were used to gather information which was then analysed with regression and correlation analysis. The findings revealed that strong CSR efforts by banks are linked to them performing well financially and their customers being more satisfied. It is evident that the presence of CSR makes a difference in a U.S. bank's success and competitive standing, leading to the view that CSR is vital for any bank's future prosperity.

Lastly, the paper by Marimon et al. (2019) investigated a company's social responsibility, reputation, and brand worth. Researchers in Spain have used hotels as empirical evidence as well. This study aimed to investigate how customers view a company based on its corporate social responsibility activities. In contrast, a cross-sectional study was carried out using customers of hotels in Spain as the study group and 382 of them were randomly selected by applying stratified sampling. Data from the surveys were analysed using regression analysis. The study showed that companies with CSR measures enjoyed a stronger reputation and higher brand equity, as customers viewed CSR favourably and helped these businesses succeed over their competitors. According to what has been found, CSR helps improve how the Spanish hotel industry is viewed, strengthens its brands, and ensures that it grows and profits steadily.

Critique of Reviewed Literature

The studies under review provide helpful information about how CSR affects performance factors in diverse fields and countries. Nevertheless, key aspects of these studies' coverage, methods, and significance must be considered for this current research focus. Abdullahi et al. (2020) conducted a convincing analysis of how employee engagement impacts the connection between corporate social responsibility and performance in Nigerian firms. However, they did not examine customer opinions. While it is important, it does not clarify how CSR actions affect customers visiting a business, the main aim of our study. Moreover, convenience sampling can lead to biased results and suggest that the findings do not apply to all cases. The present research is more akin to Ojo and Ibrahim (2021), which investigates the relationship between CSR and customer loyalty among banks in Nigeria. It is, however, limited to the financial industry, which operates differently from typical SMEs in sectors such as manufacturing or retail. Although customer loyalty is nearly synonymous with patronage, the study addresses it differently because repeat business or how often a customer buys clearly indicates a company's success.

Eze and Uzuegbu (2019) examined the impact of CSR on various performance areas in Nigerian manufacturing companies. While their findings indicate a slight favourable CSR-performance correlation, the scope of the research encompasses numerous results, leading to less focus on customer behaviour. Moreover, purposive sampling can affect how the data

represents the sample. The general notion that CSR enhances a company's performance, influences customer perception, and strengthens its brand is supported by the foreign studies of Chen and Chang (2022) and Marimon et al. (2019). However, these theories are limited by their sole focus on developed countries (the U.S. and Spain). The differences in societies, economies, cultures, and laws among these nations may raise doubts about the transferability of their findings to Nigerian SMEs. Additionally, Marimon et al. emphasise brand image and reputation more than specific customer involvement or purchasing metrics.

In short, while these studies support the relationship between CSR and performance, we still need to understand precisely how specific CSR actions influence customer decisions in Nigeria's SMEs. The current study aims to address this gap by focusing on external stakeholders and examining customer patronage as a behavioural outcome that has rarely been explored in earlier reviews.

METHODOLOGY

This study adopted a quantitative survey design to investigate the impact of Corporate Social Responsibility (CSR) 's impact on Small and Medium Enterprises (SMEs) performance in Ilorin Metropolis, Kwara State, Nigeria. The target population for this study included SMEs operating within Ilorin Metropolis. Given the undefined and potentially infinite nature of the SME population in the area, the sample size was determined using Taro Yamane's formula for infinite populations at a 95% confidence level and a 5% margin of error, resulting in a sample size of 385 respondents.

A convenience sampling technique was employed to select participants based on accessibility and willingness to respond, which suits research involving dispersed or informal populations. A structured questionnaire served as the main data collection instrument. The questionnaire aimed to gather respondents' perceptions of the practices and impact of CSR on customer patronage regarding environmental and philanthropic CSR.

Data collected from the questionnaires were analysed using linear regression analysis to examine the strength and direction of the relationship between CSR activities and customer patronage using a statistical package for social sciences (SPSS) 26 tool. To examine the effect of CSR dimensions on customer patronage, the following multiple linear regression model is specified:

$$CP = \alpha_0 + \alpha_1 ENV + \alpha_2 PHIL + \alpha$$

Where:

- ◆ **CP** = Customer Patronage (dependent variable)
- ◆ **ENV** = Environmental Responsibility (independent variable)
- ◆ **PHIL** = Philanthropic Responsibility (independent variable)
- ◆ α_0 = Intercept (constant term)
- ◆ α_1, α_2 = Regression coefficients (slopes)
- ◆ α = Error term (captures the influence of other variables not included in the model)

Therefore, the statistical method was chosen to provide empirical evidence of whether CSR practices influence the Key Performance Outcomes of SMEs in Ilorin. The results of the analysis should help appreciate CSR as a strategic means for improving customer patronage in the SME sector.

Data Presentation and Analysis

This section analyses the data collected under the research objectives. The data are presented in tables and interpreted to provide meaningful insights into the relationship between the study variables.

Table 1: Descriptive Statistics

	Mean	Std. Deviation	N
Customer Patronage	3.59	1.215	385
Environmental-focused CSR	3.78	.920	385
Philanthropic CSR	3.72	1.025	385

Source: SPSS Output 26 (2025)

Table 1 provides basic information about customer patronage, environmentally friendly CSR, and philanthropic CSR, all gathered from responses given by 385 participants. The mean score for environmentally focused CSR ($M = 3.78$, $SD = 0.920$) is the highest among the three, indicating that respondents perceive companies as relatively more committed to environmental care. Philanthropic CSR closely follows, with respondents rating it at an average of 3.72 out of 5. Customer patronage averaged around 3.59 (with a variation of 1.215), suggesting that customers generally support these companies moderately. The standard deviations indicate that customers are often more divided in their preferences for specific products, particularly regarding patronage.

Table 2: Correlations

		Customer Patronage	Environmental-focused CSR	Philanthropic CSR
Pearson Correlation	Customer Patronage	1.000	.027	.784
	Environmental-focused CSR	.027	1.000	.149
	Philanthropic CSR	.784	.149	1.000
Sig. (1-tailed)	Customer Patronage	.	.297	.000
	Environmental-focused CSR	.297	.	.002
	Philanthropic CSR	.000	.002	.
N	Customer Patronage	385	385	385
	Environmental-focused CSR	385	385	385
	Philanthropic CSR	385	385	385

Source: SPSS Output 26 (2025).

Table 2 illustrates the relationship between respondents' appreciation of the company, their belief in its engagement in environmentally friendly practices, and their perception of its contributions to philanthropic CSR. The results showed a strong and statistically significant positive correlation between customer patronage and philanthropic CSR ($r = .784$, $p < .001$), indicating that higher philanthropic CSR efforts are strongly associated with increased customer support. Furthermore, the correlation between customer patronage and environmental-focused CSR is very weak and not statistically significant ($r = .027$, $p = .297$), suggesting little to no relationship between these variables. Additionally, a weak but statistically significant positive correlation exists between environmental-focused CSR and philanthropic CSR ($r = .149$, $p = .002$), implying a modest association between the two CSR dimensions. Overall, the findings suggest that philanthropic CSR substantially impacts customer patronage more than environmental-focused CSR.

Table 3: Model Summary

	R	Adjusted R Square	Std. Error of the Estimate	Change in R Square	Change in F	df1	df2	Sig. Change	F
Model 1	.790 ^a	.623	.621	.748	.623	316.197	2	.000	

a. Predictors: (Constant), Philanthropic CSR, Environmental-focused CSR

Source: SPSS Output 26 (2025).

The model summary indicates that philanthropic CSR and environmental-focused CSR both positively influence customer visits to a particular business. The model demonstrated a strong connection between the predictors and customer patronage, with a correlation coefficient of $R = .790$. The R Square value of .623 indicates that 62.3% of the variations in customer patronage can be attributed to a company's investments in philanthropy and its efforts to be environmentally focused. The adjusted R Square (.621) suggests that the model effectively explains a significant portion of the relationship with the data. The standard error of the estimate (.748) reflects how much most observed values typically differ from the fitted line. The F-change statistic (316.197, $p < .001$) reveals that including the predictor variables improves the model's fit compared to one without these predictors. This indicates that the factors we've examined genuinely impact whether someone becomes a regular customer.

Table 4: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	353.578	2	176.789	316.197	.000 ^b
	Residual	213.580	382	.559		
	Total	567.158	384			

a. Dependent Variable: Customer Patronage

b. Predictors: (Constant), Philanthropic CSR, Environmental-focused CSR

Source: SPSS Output 26 (2025).

Table 4 presents the ANOVA results, which assess whether the regression model significantly differs from mere random variation in the data. The regression model has a total sum of squares of 567.158; of this, 353.578 derives from the model components that explain the relationship, while 213.580 originates from the components it fails to explain. With an F-value of 316.197 and a p-value less than .001, the model is deemed significantly different from chance. This indicates that the combination of philanthropic CSR and environmental-focused CSR significantly predicts customer patronage. In other words, when considered together, the independent variables offer a meaningful explanation for the variations in customer patronage.

Table 5: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations		
	B	Std. Error				Lower Bound	Upper Bound	Zero-order	Partial	Part
1 (Constant)	.526	.199		2.645	.009	.135	.917			
Environmental-focused CSR	-.122	.042	-.092	-2.898	.004	-.204	-.039	.027	-.147	-.091
Philanthropic CSR	.946	.038	.798	25.132	.000	.872	1.020	.784	.789	.789

Source: SPSS Output 26 (2025).

Table 5 presents the regression coefficients for the influence of environmental-focused CSR and philanthropic CSR on customer patronage. The constant value (.526, $p = .009$) represents the predicted level of customer patronage when both predictors are held at zero. Environmental-focused CSR has a negative and statistically significant effect on customer patronage ($B = -0.122$, $p = .004$), suggesting that increased emphasis on environmental CSR may slightly reduce customer patronage in this context. In contrast, philanthropic CSR has a strong positive and highly significant effect on customer patronage ($B = 0.946$, $p < .001$), indicating that greater engagement in philanthropic activities substantially boosts customer support. The standardized beta values further emphasise that philanthropic CSR ($\hat{\beta} = .798$) has a much stronger influence

than environmental-focused CSR ($\beta = -.092$). These findings confirm that philanthropic CSR is the dominant predictor of customer patronage in this model.

Discussion of Findings

Several studies within and outside Nigeria have examined the relationship between corporate social responsibility (CSR) and performance-related outcomes. The current study aligns with and extends this knowledge by analysing how CSR practices, specifically those that are environmentally focused and philanthropic CSR, affect customer patronage among small and medium enterprises (SMEs) in Ilorin Metropolis, Kwara State. Statistics reveal that philanthropic CSR helps increase the likelihood of customers doing business with a company. Meanwhile, CSR programmes related to the environment have a weak and negative influence ($\beta = -0.122$, $p = 0.004$). The outcomes indicate that philanthropic efforts in CSR such as helping communities or making charitable donations, are appreciated more by customers than focusing on the environment.

Similar to Ojo and Ibrahim (2021), these findings suggest that being socially responsible increases customer loyalty in the Nigerian banking sector. This study further shows that CSR supports their claim that it helps to create loyal customers and raise company patronage. Eze and Uzuegbu (2019) showed, in their study on Nigerian manufacturing companies, that engaging in CSR activities improves the firm's financial, operational and stakeholder performance. Also, Abdullahi et al. (2020) showed that when organisations engage in CSR, it benefits employees and can strengthen their overall performance. Focusing on employees' behaviour in the study, CSR was still found to support company success in a number of important performance areas.

Similar studies suggest that, for SMEs in Nigeria, CSR, mainly when applied as philanthropy, greatly influences whether customers will support the businesses. The results from the statistics imply that environmental-focused CSR activities are important for customers and philanthropic CSR play the same role at a 0.05 significance level, further proving the connexions seen in the analysis. They reveal that SMEs should invest strategically in CSR to help them succeed in the market and maintain their lead over others.

Conclusion and Recommendations

CSR greatly affects how well an organisation performs. Corporate Social Responsibility can play a role in helping an organisation succeed or fail. The study has found that both environmental and giving back activities improve the performance of SMEs, helping them attract more customers. A link has been spotted between SMEs' CSR initiatives and their basic measures of performance. Involvement in CSR activities like helping employees, protecting the environment and participating in the community makes a company more popular and creates a welcoming atmosphere. From this, it is clear that SMEs' efforts in CSR help advance and develop Kwara State. Due to their dedication, the company has encouraged the public to think more positively about them which results in their business thriving and the community profiting.

Based on these results, the study recommended that SMEs treat corporate social responsibility (CSR) as a continuous effort deserving constant attention to all aspects. SME at all levels should collaborate and incorporate CSR throughout the company to achieve their intended outcomes and increase customer patronage.

Contribution to Knowledge

The study enhances understanding of corporate social responsibility and its impact on the performance of small and medium enterprises in Kwara State, Nigeria. Additionally, it provides further insight into the factors of CSR that contribute to the performance of SMEs. Empirically, the research adds to the existing knowledge of corporate social responsibility and performance metrics. Moreover, it serves as a guide for future researchers on this topic.

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