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EFFECTS OF CORPORATE SOCIAL RESPONSIBILITY ON MARKET PENETRATION OF EMERGING CORPORATE LISTED COMPANIES IN NIGERIA

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Abstract

Corporate organizations undergo different life-cycles. Each corporate life-cycle including birth, growth, maturity and declining stages determine firms' strategic decision and its success such as penetrating new found markets. This study examines the impact of newly established and growing firms' corporate social responsibility (CSR) activities on their ability to penetrate new markets. We examined using an ex-post facto research design a sample of 37 listed firms for a period between 1996 and 2018, thus our total sample constitutes 814 firm-years. We measured CSR activities of firms by an estimation of generosity index and analyzed the data using multiple regression analysis. Our analysis showed that firms' CSR activities are significant to the firms' positive market penetration (Coefficient, (P-value) = 0.359(0.046)). Based on the firms' life-cycle, we found that newly established firms' CSR activities significantly and positively affect their market shares (Coefficient (p-value) =0.364 (0.001)). As emerging firms build their generosity index, they increase their customers' purchase intention, which draws their new customers brand loyalty and opens door for them in new markets. However, mature and declining firms lose their market focus, thus, their CSR activities do not significantly affect their market penetration (Coefficient (p-value) = 0.214(0.23)). Overall, CSR is rewarding to emerging firms, which means that investors place brand loyalty premium on the products new business philanthropic acts. Advertising and research positively affect new firms' market penetration, thus, growing new businesses should combine CSR activities with advertising and product research in pursuing market penetration goals while they should also target the declining firms' markets.*

Keywords: *Corporate Social Responsibility (CSR), Markets.*

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1. Introduction

One of the vital goals of corporate organizations is to build reputation that would help them to acquire dominance over certain important markets. Market dominance makes a firm an industry leader, market mover, and gives it a competitive edge over its peers, which impacts its performance. One major reason for the new business high rate of failure is lack of solid footings in the market competitive strings (Investopedia, 2019), which now raises concern on the best approach to tackle such anomaly. For new, emerging and growing firms, penetrating new market is a priory for business sustainability (Badulescu, Badulescu, Saveanu, & Hatos, 2018; Wang and Song 2011). Market penetration broadly defines entering the market with current products (Durmaz, & Ilhan, 2015) and it is highly considered as market growth strategies with the aim of getting a bigger market share in the market with the stocked products (Durmaz & Ilhan, 2015). Increase in market penetration could enhance firms' visibility and market share, which could translate into higher profitability (Robert, &Kodua, 2012; Rahman, Rodríguez-Serrano, & Lambkin, 2017). One tool that could achieve the market penetration ambition is corporate social responsibility (CSR) (Esen, 2013). CSR has been found to play a vital role in corporate image and reputation building (Esen, 2013; Neville, Bell, & Menguc, 2005). For instance, shareholders' and customers' purchase intention rises with increase in corporate ethical behavior including being socially responsible (Servaes & Tamayo, 2013). Evidence also shows that CSR can enhance consumers' brand loyalty including investment in a brand equity (Guzman, & Davis,2019). Thus, CSR could constitute a vital tool for realizing market penetration and market share goal of emerging corporate organizations (Cheng, Ioannis, & Serafeim, 2014).

Therefore, in this study we examined the effect of CSR on market penetration of emerging and growing firms. The study determines the difference between the effect of CSR of different firms in different life cycle on their market share with a focus on growing and emerging firms' market penetration ambition.

Since CSR boosts customers purchase intention, it could be a good platform to achieve such penetration goals. For a new business that needs a share of product market for survival, an eco-efficient strategy could play a vital role in this regard and possess the potential of advancing the firms' market penetration ambition. The present study of the effect of CSR activities on market shares is very vital because apart from the fact that there is scanty literature examining emerging firms' CSR activities and market penetration in most developing countries, the effect of CSR on firms' performance has remained controversial. As such, CSR has continued to gain attention in wide range of fields including agriculture, and marketing (Robert, &Kodua, 2012; Rahman, et al. 2017). While several researchers have found CSR as financial performance and value enhancement strategies (Rashid, & Radiah, 2017; Rezaul, &Hanh, 2017; Husam-Aldin, & Saima,2018), others have concluded that CSR is value and market damaging for a firm (Rahman, et al., 2017; Cheng, et al. 2014). Theoretical or methodological limitations, the study settings, firms' age, measurement errors, and neglect of incidental variables have been suggested as the key explanations for the variations in the results (Rahman, et al., 2017; Cheng et al., 2014).The effort has been to establish a consensus on the CSR performance effect (Rahman, et al. 2017) and these raise a question on how best to approach studies on CSR and performance relationship and the reconciliation of the divergence results for informed managerial decision. Therefore, we are faced with a problem; to follow a methodology that would provide explanations for the differences in the prior results. This means that both endogeneity and overidentification procedures must be carried out in order to fix any likely misspecifications that would influence the outcome. This approach would give us evidence of which side should be supported regarding the CSR-market share effect in Nigeria.

Our study contributes to literature significantly because it examines the CSR and market share performance of emerging corporate businesses in Nigeria. In ability to access market could limits growing business sustainability, which in turn could lead to social-economic problems such as poverty and lower standard of living. We contribute to literature by providing by modeling a structural CSR-market deepening behaviour of newly established firms in Nigeria. Studies on the effect of

CSR on market penetration particularly for the newly established firms have not been adequately investigated. Thus, this lack has created a knowledge gap on whether CSR could serve as a vital and effective tool for breaking new market ground by emerging businesses in Nigeria. Perhaps, the key reason for lack of scholarly focus on the new business's CSR performance and market share link could be due to the idea that new businesses are concerned with other pressing issues and efficiency such as cost minimization than being socially responsible (Al-Hadi, Chatterjee, Yaftian, Taylor, & Monzur Hasan 2017). However, firm age has remained an essential factor that influences firms' CSR behaviour (Zaid M., & Nasiri, 2018; Badulescu, et al. 2018). Evidence has shown that while young firms were less involved in social responsibility actions, the emerging firms showed a higher interest in community development programmes (Badulescu, et al. 2018). Consistently, Wang and Song (2011) found that younger Chinese firms are more willing to disclose social information because they are more eager to attract bank loans and public investors than the older established firms. Thus, the idea that younger firms have other pressing issues than CSR can easily be put off by the reputation and good will effect of CSR, which new businesses consider a priority for sustainability. There remains a need for literature that contributes to the CSR-market performance of emerging firms in Nigeria. Thus, this paper vehemently argues that early signs of CSR could open wide doors for new firms to enter a very hard market dominated by both mature and declining firms.

The rest of the paper is divided into three sections namely section 2, section 3 and section 4. Section 2 dealt with the literature review and the hypothesis development. In section 3, research design was described and finally in section 4, we present the results, discussed them and reached a conclusion.

2. Literature Review

Theoretical Framework and Hypotheses Development

Instrumental Theories

While there are many theories that have explained the relationship between CSR and market share, this study would be anchored on the instrumental theories. Business and associated activities have always been viewed as sources of and means of advancing shareholders' wealth. Since CSR is a part of business activities, the proponent of instrumental theories view CSR as an instrument of wealth creation. According to Garriga, and Mele (2004) this group of CSR theories is considered solely as a strategic model to realize economic goals. According to them, instrumental theory of CSR leads ultimately to wealth creation. Instrumental theory originates from the view that business has only one responsibility towards society, which is to maximize profits to the shareholders as long as they operate within the legal framework and the ethical custom of the country. Instrumental theories are relevant to business goals including market penetration, and have witnessed wide acceptability from the business community. This theory is highly dominated by concern for profits through CSR activities. This means that CSR is acceptable in as much as it is within the domain of shareholder wealth creation. Empirical studies have examined the nature of relationship between CSR and corporate financial performance. While there are studies that have found inverse relationship, greater number has found that positive relationship exists between the two as demonstrated in Rahman, et al., (2017), and **Cheng *et al.*, (2014**). However, Griffin, (2000) found that the relationship should be read with care because the measurement parameters are always difficult and complex. In sum, instrumental CSR theory can be classified into three main groups depending on the proposed economic goals. The instrumental theories include shareholder value maximization instrumental theory, competition advantage maximization theory and cause-linked marketing instrumental theory, which all embrace enlightened self-interest because CSRs are just a mere means for profit making. New businesses can align their CSR activities with wealth creation objectives. This means that while they engage in CSR activities they may be creating market that advances their stock value.

Another argument that establishes the link between CSR and market share is the *Competitive Advantage Theory,* which highlights that CSR involvement could make companies visible in the society. Such visibility gives firms opportunity to attract the public support. Thus, CSR has become

a strategy for achieving competitive advantages and public relation. This theory is focused on strategies to allocate resources in order to achieve long-term social objectives and create a competitive advantage (Husted and Allen, 2000). Garriga, &Mele (2004) identified some approaches in this sub-category. Firstly, social investments in competitive context, where Porter, (1980) argues that investment in philanthropy may constitute the only way to enhance the context of competitive advantage of a firm. He argues that business social investments in competitive context often create higher social value relative to individual donors or government. Secondly, natural resource-based view of the firm and its dynamic capabilities, where it was maintained that the capability of a company to perform better than its competitors is a function of the unique nexus among human, organizational, and physical resources (Garriga, & Mele, 2004).

Another important instrumental theory that underpins CSR-market share nexus is the *Cause-related marketing*. The cause-related marketing exploits the CSR reputation to advance company marketing goals, which have implications for marketshares. Cause-related marketing instrumental theory suggests ''the process of formulating and implementing marketing activities that are characterized by an offer from the firm to contribute a specified amount to a designated cause when customers engage in are venue-providing exchange that satisfy organizational and individual objectives. (Varadarajan & Menon,1988, p.60). The main objective of cause-related marketing is to improve company revenues and sales by improving customer relationship and through the product and brand innovation.

While instrumental theories overlook other important non-monetary reasons for engaging in CSR such as community building, instrumental theories have provided good explanations why a business should engage in CSR. This is because after all said and done, the key reason for establishing a business is to increase shareholders' value. If activities are not going to directly address this need, firms would most likely avoid it. Thus, CSR is just an instrument of value creation, which new businesses can use to advance their market intentions.

Empirical Review

CSR-Market Performance Perspective

Based on the instrumental theories, several studies have provided empirical answers regarding the effect of CSR on market share and performance of firms. Thus, empirical studies are vast on the effect of CSR on firm performance. Based on the above theories, there is evidence of the relationship between CSR and firm performance. However, the effect of CSR on corporate financial performance is mixed (Cheng *et al.*, 2014). Several empirical studies reported that CSR activities have a positive effect on corporate financial performance as shown in Wang, Chen, Yu, & Hsiao, (2015). Research also shows that a significant proportion of the identified positive effect is related to marketing. Thus, CSR positively affects market share of firms.

Rahman, et al. (2017) examines the link between CSR initiatives and company performance. They found that there is a positive effect of CSR initiatives on firms' market share. Their findings demonstrate that the level of advertising intensity positively moderates the relationship between CSR and market share. Thus, the higher the advertising intensity is the stronger the positive effect of CSR on market share.

Salazar, (2017) examines the effect of corporate social responsibility and the marketing strategy on the customer's purchase decision. Focusing on a survey sample of 270 consumers of food products from Celaya town in Mexico,

The researcher found that CSR positively and significantly influenced consumers' wiliness to pay higher for product supported and manufactured by a company with CSR strategy.

Bhattacharya and Sen, (2004, p. 9) for example discovered that "84 percent of US citizens believe they would likely switch to brands associated with a good cause, if price and quality are similar". The study also reported that "79 percent of Americans take corporate citizenship into account when deciding whether to buy a particular company's product, and 36 percent consider corporate citizenship an important factor when making purchasing decisions (Bhattacharya and Sen, 2004, p. 9). Customers even may be willing to pay a higher price for products and services of companies that engage more in CSR

activities (Servaes and Tamayo, 2013). Porter and Kramer (2006) evaluate company philanthropy as central to maintaining a competitive advantage. The authors analyze the link between the latter and CSR as something that should form part of an overall business strategy. These partly theoretical and partly empirical papers suggest that many companies feel forced to make philanthropic donations. However, they found that few have carried such CSR activities so effectively. Moreover, it is suggested that many companies have already done much to improve the social and environmental consequences of their activities. However, such efforts have not been as productive and potentially for two reasons. Firstly, companies are confronted with societal issues when they are interdependent. Secondly, companies are under pressure to think very generically about their actions and without applying adequate strategies. Bhattacharya, Smith, and Vogel (2004) found that the integrations of CSR with company marketing strategies are central to business models and with a scope that extends beyond that of mere philanthropy. They found that from a strategic point of view, several social initiatives that have generated results for both companies and society. In the case of companies, such social initiatives could advance new firms' market share. Neville, Bell, and Menguc (2005) developed a model on the role of reputations in the relationship between corporate social performance and business financial performance. They found that the concept of corporate social performance affects stakeholder responses. As a result, CSR enhances company's reputation, which has implications for firms' performance. García de los Salmones, Herrero, and Rodríguez (2005) considered the benefit of CSR as a marketing tool. They focused on the effect and implications on the customer loyalty and service assessments. They used multidimensional view of CSR to determine mobile phone company user views on the economic, legal, ethical and social features of its operators. Overall, CSR influenced loyalty and overall service ratings based on their structural equation model. McWilliams, Siegel, and Wright (2006) examined several views on CSR based on a framework that considers marketing strategic implications. Their review found a link based on several theoretical perspectives including agency, administrative, company resource, institutional, and firm theory. Piercy and Lane (2009) focused on the effects of CSR on marketing strategies. They found that CSR influences the customers' firm value delivery. Bai and Chang (2015) used a multi-dimensional construct in their determination of effect of different CSR dimensions on firms' financial performance. Drawing on stakeholder and institutional theories, their results show that the effect of CSR activities on different stakeholders depends on the environment of the market involved. Oh, Bae, Currim, Lim, and Zhang (2016) focused their paper on the effect of CSR on stock returns. They found that marketing spending, CSR strengths and concerns, and short- and long-term stock returns are affected by CSR models. They found that CSR enhances marketing spending, which is a proxy for firm visibility and as such plays moderating effect on CSR and stock returns in the short and long term. However, they found that the firms' resource-based view and visibility theory in relation to stakeholder awareness and expectations delivers asymmetric predictions on the moderating effects of marketing spending.

Tian, Wang & Yang, (2011) explores how consumers respond to CSR in China with multiproduct competitive survey. Their empirical results conclude that Chinese consumers, who show a high level of awareness and trust of CSR are more likely to transform a good CSR record into positive corporate evaluation, product association and purchase intention. They also reported that consumer responses to CSR vary across different products categories. According to them, those firms selling experience products (verses search and credence products) are more likely to gain consumers' positive product association and purchase support through CSR practices. Finally, their analysis showed that the relationship between consumer demographics and their CSR responses are not linear, and those consumers with a middle level age and income would respond to CSR more positively.

Guzman, & Davis, (2019) examined how CSR influences brand equity in response to perceptions of two types of brand fit causes. The author analyzed two types of fit between a brand and a social cause (disaster relief); brand value-cause fit and brand function-cause fit. Their survey of 370 millennial undergraduate students in the USA suggests that the two types of brand-cause fit have different effects on

consumer attitude towards the brand and ad, which in turn influence brand equity. In conclusion, the study considers the need for managers to examine types of brand-cause fit in selecting social causes and crafting effective corporate communications about the firms' CSR initiatives.

Garcia-Madariaga, & Rodriguez-Rivera, (2017) examine in contrast to previous research that stressed subjective measures to rate CSR performance, was multi-sector focused and encompassed short periods, the effect of CSR on automobile customer satisfaction and market value. Using an objective CSR performance rating, and taking a single industry-the automobile industry within 8 years, they found that certain CSR issues- those related to corporate core businesses and critical stakeholders- may lead to companies' better financial performance. They found that under certain circumstances, CSR can lead to companies' higher market value. However, the moderating factor is the customer satisfaction, which mediates the relationship. Furthermore, they discover that firms must carry out CSR linked to their core businesses to reap the benefit CSR on customer loyalty. Their finding corroborates the conclusion of Luo and Bhattacharya (2006) that alignment of CSR initiatives and core business is the key to creating value through CSR. Thus, they argued that companies need to be critical shareholder-focused when developing CSR strategies, which in addition should be embedded in corporate strategy. AS they found, automobile companies have focused on environment, safety improvements and even proactive employee management. As such, customer satisfaction was affected because these CSR activities relate to their core business activities. They also discovered that environmental management is perhaps the hugest challenge for automobile industry. Issues like global warming or pollution are a concern for almost everyone and are directly related to the use of cars, their production and disposal. They posit that each initiative in this area will appeal to customers' multidimensionality. Companies need to communicate their strategies and fact regarding this area, as they have been doing these past years. In accordance with Sevaes and Tamayo, (2012), awareness seems a prerequisite to make CSR impact on market value.

CSR-Age Characteristic Perspective

New businesses are defined by the ages of the firms. Empirical studies have tested the effect of age on firms' CSR performance. As it affects our study, if there are negative and positive links between the ages of firms and CSR involvement, it means CSR of new businesses can affect their market performance. Jeppesen, Kothuis, & Ngoc (2012) found that a relationship between age and involvement of the company in CSR. They found that a company older than 10 years is likely to be one that has reached a medium size, has significant domestic and international openness, works with large firms and is clearly involved in CSR activities. Trencansky and Tsaparlidis (2014) found that a company's age is significantly and positively associated with certain CSR activities but it is statistically insignificant. Thus, they conclude that age has a minor positive effect on CSR performance. Wiklund (1999) concluded that the age of a company has virtually no influence on the type and level of involvement in CSR actions. Yao, Wang and Song (2011) found that in China firm age and size, environmental and consumer sensitivity, media exposure, ownership concentrations are important determinants of CSR. They show that younger Chinese firms are more willing to disclose social information because they are more eager to attract bank loans and public investors than the older established firms. Zaid, & Nasiri, A (2018) empirically examined the influence of firm characteristics on the level of corporate social responsibility reporting on annual reports of Palestinian listed companies. Using sample of non-financial listed companies for the period 2013-2016, the result shows that firm characteristics, namely firm size, profitability, firm age, have a positive and statistically significant relationship with CSR disclosure. Badulescu, Badulescu, Saveanu, & Hatos, (2018) showed that the influence of a firm's age on social responsibility of SMEs proved not to be linear and there was no significant impact of an SME's age, on social responsibility actions when analyzed along with other factors such as firm size and the managers' attitudes regarding collective welfare. There are different levels of formalization of social responsibility processes between older and newer firms. While older firms tended to have some reference to social responsibility in their strategic

documents and to hold departments or people specifically for this purpose, young firms lacked this formalization altogether. Young firms were less involved in social responsibility actions, though they showed a higher interest in community development programmes. They found a continuity between older and newer firms as they all preferred to offer donations and sponsorship. Nevertheless, new firms were significantly less involved in social responsibility actions confirming their hypothesis that young firms were less involved in social responsibility actions. However, Waluyo, (2017) examines the effect of age, firm size and growth on Indonesian CSR using real estate firms listed on Indonesian stock exchange between 2012 and 2016. They study found that firm age, growth and sizes positively and significantly affect real estate CSR performance.

While these empirical studies established a link between age of firms and CSR, it was not clear how such CSR-age linkages could translate into new businesses' market penetration in Nigeria. We therefore further advance the impact of age-CSR performance by connecting it to market performance.

CSR and Market Share Hypothesis

Market penetration defines entering the market with current products (Durmaz & Ilhan, 2015) and it is highly considered as market growth strategies with the aim of getting a bigger market share in the market with the stocked products (Durmaz, & Ilhan, 2015). Since CSR boosts customers purchase intention, it could be a good platform to achieve such penetration goals. For a new business that needs a share of product market for survival, an eco-efficient strategy could play a vital role in this regard and possess the potential of advancing the firms' market penetration ambition. This is because CSR can be used to signal to the consumers the firms' commitment to community building. Such signal could draw specific consumers to purchase the emerging products consistent with CSR-purchase intention view (Fagerstrøm *et al.*, 2015). According to CSR-purchase intention theory, CSR activities are directly proportional to the customers' firms' goodwill rating. In fact, stronger purchase intention of CSR suggests that customers brand loyalty increases with CSR (Servaes & Tamayo, 2013). Customers may be willing to pay a higher price for products and services of companies that focus more on CSR activities (Servaes & Tamayo, 2013). Invariably, the community could see such legitimate-rewarding operation as a good strategy and would definitely factor in the reputation strategy in their relationship approach. Thus, there is a link between CSR and market share.

Hypothesis 1: CSR positively affects firms' market share.

CSR – Life-Cycle Performance Hypotheses

CSR is multi-faceted and can embrace operating a firm in a win-win approach that gives both investors and other stakeholders the sense of belonging, ownership and care consistent with legitimacy and stakeholder hypotheses. CSR also promotes purchase intention (Fagerstrøm *et al.*, 2015). This means that CSR can constitute an effective tool that can enhance new firms' market intentions and goals. New business customers can consider the products and services of such sunrise companies as more reliable and of better quality (McWilliams and Siegel, 2001) relative to services of old firms that do not engage in CSR. Therefore, by employing this tool effectively, new companies might be helped to build a competitive advantage, which can positively influence their market deepening (Vorhies and Morgan, 2005). We argue that early sign of win-win attitude by new firms can give impression that the new firms are truly stakeholder and community-friendly. The community would protect the firms by deliberately patronizing them even when the competitor may have a cheaper substitute product. Given that consumers consider the product of CSR friendly firms as superior (Bhattacharya & Sen,2010, and Maignan, et al. 2005), new firms would most likely break the market dominant of older firms whose CSR activities are poor. Community exposed to new firms' new CSR initiate can throw their support weight on the firms' products, which can leverage firms' performance and long-term sustainability. Similarly, stakeholder theory maintains that the interests of all firms' stakeholders should be factored in corporate model. Thus, if a firm does not discriminate on its stakeholders such as focusing only on the shareholders' stake, it will no doubt enjoy all stakeholders' support. Such an approach

makes new firms visible. When reputation is aligned with CSR, then stakeholders respond to CSR efforts (Du, Bhattacharya, &Sen, 2010; Schuler, & Cording, 2006). This means that CSR and corporate reputation are related in both directions (Garcia-Madariaga, & Rodriguez-Rivera, 2017). Reputation is an intangible asset with several potential benefits (Garcia-Madariaga, & Rodriguez-Rivera, 2017). Reputation literature argues that for current customers, a good reputation could be synonymous to quality (Garcia-Madariaga, & Rodriguez-Rivera, 2017). As such, customers may be more willing to pay a higher price for a product from such CSR-intensive companies. Prospective customers might be more pleased to receive advertising claims from companies with a better and fresh reputation than from others with less prestige (Goldberg &Hartwick, 1990). Most old companies may not possess such prestige as reputation may decrease in age. Market advantage could also come from hiring high quality staff with less cost. It has been found that as a result of CSR driven reputation, companies could bear less to hire workers and suppliers (Roberts & Dowling 2002). They may also increase the effectiveness of commercial and sales efforts, the introduction of new products and recovery strategies in moments of crises (Dowling 2001). CSR can also play an important role in the creation of customers' expectations. This would likely be high for new businesses with newbrandsd. Their CSR initiatives may influence customer satisfaction by building their reputation. In fact, CSR carried out by new firms in the various community need by the companies could appeal to customer multidimensionality (Handelman, &Anold 1999). In accordance with, Maignan, et al.'s (1999) finding CSR could be a driver of corporate reputation. Thus, corporate reputation as driven by CSR can shape perceptions that lead to positive attitudes and behaviour towards new businesses' market intention (Reputation Institute 2016).

Based on the above evidence of the relationship between CSR and market share, we propose the following hypotheses regarding how CSR could affect business market performances for businesses at different life cycles. Generally, we expect CSR to positively affect firms' market share in Nigeria. As firms grow older, they could lower their rate of CSR performance while focusing on restructuring for sustainability. Growing and new firms are most likely to pursue CSR in order to gain higher purchase intention for higher market share based on the instrumental theories, particularly the cause-related marketing.

Hypothesis 2: Mature firms lower their CSR initiatives as they grow older which significantly affects their shares' market value due to lower reputation.

Hypothesis 3: CSR of new firms significantly affects their market penetration.

3. Methodology

This study used secondary data obtained from the Nigerian Stock Exchange database for the period between 1996 and 2018. Therefore, ex-post research design was used. All the 170 quoted firms in NSE were studied. Thus, we used ex-post research design. Data for the analysis were obtained from the database of firms sampled for study.

Identification of Emerging and Growing Firms through Corporate Life-Cycle Analysis

To identify the emerging firms among the sampled firms for any given year, we followed the firms' cashflow pattern analysis proposed by Dickinson (2007). Dickinson (2007) shows that firms' cash flow pattern represents their resource allocation, financing, and operational capabilities. The researcher also argues that such cash flow pattern determines its manner of choosing corporate strategies. Without engaging arbitrary breakpoints, the study discovers a non-linear link between cash flows and the corporate life cycle, thus cash flow pattern is valid as a proxy for corporate life cycle (Chen, Wendong, & Huang, 2010). To test this theory, Chen (2009) examined its applicability among Chinese listed firms and confirmed its suitability for identifying firms' characteristics including profitability, investment expenses, and operating cash flow since such features vary with corporate life cycle of listed Chinese companies. Thus, Chen (2009) test proved that "proxy based on a combination of firm's cash flows and corporate life cycle can more accurately and parsimoniously classify different development stages of Chinese listed firms" (Chen, et al. 2010). Since Nigeria is an emerging market like China, this study adopts the

cash flow pattern in identifying emerging and growing firms. We use the following Table cash flow pattern proposed by Dickinson (2007) in measuring the firms' developmental stages.

Table 1: Cash Flow Patterns at Different Corporate Life Cycle Stages

Stages	Introductory	Growth	Maturity	Shakeout	Shakeout	Shakeout	Decline	Decline
Operating cash flow	-(Negative)	+ (Positive)	+(Positive)	-(Negative)	+(Positive)	+(Positive)	-(Negative)	-(Negative)
Investing cash flow	- (Negative)	- (Negative)	-(Negative)	-(Negative)	+(Positive)	+(Positive)	+(Positive)	+(Positive)
Financing cash flow	+(Positive)	+(Positive)	-(Negative)	-(Negative)	+(Positive)	-(Negative)	+(Positive)	-(Negative)

Source: Chen, et al. (2010).

As Table 1 shows, when financing cash flow is zero, the life cycle is classified into the maturity, shakeout, and decline stage respectively, based on the characteristics of operating and investing cash flows (Chen, et al. 2010). When investing cash flow is zero, the life cycle is classified into the maturity, shakeout, and decline stage respectively, based on the characteristics of operating and financing cash flows (Chen, et al. 2010). The cashflow pattern of emerging firms shows that at both the introductory and growing stage, according to pecking order theory, banks prefer loans to equity, which increases their cash flow and their ability to engage larger investments for market opportunities (Myers, 1977; Chen, Wendong, & Huang, 2010). At the growing stage, firms make large investments to enter new markets and deter entry (Spence, 1979; Chen, et al. 2010). Evidence also suggests that the investment cash flow pattern of new firms shows that management drives interest in making large investment that has a market share effect relative to declining and mature firms, which service their debts by liquidating assets (Jovanovic, 1982). This behaviour of firms shows that the cashflow pattern of firms could be used as a means of identifying firms at different life cycle stages including the emerging firms.

We group the pattern into three namely the emerging stage which includes the introductory, and growth life cycle; the maturity and the decline, which include other groups. Based on the financing cash flow, the growing firms exhibit high cash flow while the mature and declining firms maintain low or negative operating cash flow. Thus, firm's' operating cash flow is positive for any given year, it is considered as an emerging firms and its market share would be determined, otherwise, the firm would be treated as a mature or a declining firm.

Measure of CSR: Generosity Index (GI)

Researchers have searched for proper proxies for CSR. Most researchers use CSR scores as recorded by different CSR monitoring bodies as a proxy for CSR (Griffen & Mahon 1997; Guenster et al 2011). For instance, Guenster et al (2011) use Innovest Strategic Value Advisors, Chetty et al (2015) use JSE SRI CSR index scores, Griffen and Mahon (1997) used KLD and Corporate Philanthropic Generosity Indices. Overall, the Kinder, Lydenberg, Domini &Co. Inc (KLD) index is the most widely used CSR index in measuring CSR performance. According to Griffen and Mahon (1997), evidence shows that KLD is the largest multidimensional CSR performance database available to the researchers. This view was also shared and supported by Deckop (2006). Indeed, KLD have been referred as the "de factor CSR research standard at the moment" (Waddock 2003). Griffen and Mahon (1997) maintain that 15 of the top 25 institutional financial managers in the world use the research of KLD and more than $10billion is invested in funds based on KLD ratings. KLD employs a proprietary system to evaluate firms' environmental, social and governance performance and generate annual company ratings (Griffen & Mahon 1997). Graves and Waddock (1994), and Bernanet et al (1999) exploited the CSR performance rating index in their studies.

The next most widely used CSR measure is GI. This index is best for research within the developing countries. This is because KLD does not capture most firms from the developing countries. However, GI can be constructed for any company. GI is calculated by determining the statistical standard scores (Z-scores) for total contributions of each company and their contribution as percentage of net earnings before taxes. Standard scores for percentage of net earnings before tax are weighed by a factor of two. In this case, more weight is given to corporations, who give a larger proportion of their earnings to philanthropic activities. The generosity

index is equal to the weighted standard score of percentage of net profit plus the standard score for total contributions. Firms are then assigned a grade that reflects their generosity in relation to all other firms in the sample. We determine CSR performance from the GI. Based on Griffen & Mahon (1997) analysis, we estimate the GI using the following formula.

$$GI=\frac{2(P-P_m)}{\frac{\sqrt{(P-P_m)^2}}{N}}+\frac{(T-T_m)}{\frac{\sqrt{(T-T_m)^2}}{N}}$$

Where GI is the Generosity Index; p=contributions as percentage net profit before tax.

P_m =mean score of percentage of net profit before tax; T=Total contributions; T_m= mean of the total contribution (T); N= total number of companies.

Market Power and CSR Model

We use the following based model in our study of the relationship between market penetration and CSR.

Market Penetration=f (Corporate Social Responsibility***, Corporate Social Responsibility*Firm Age, Control+Error).***

Pooled regression can result in misspecification of the relationship between endogenous and independent variables across firms and time. As recommended by Gujarat, (2004), fixed effect is an appropriate approach where the parameters are not stationary across sections. Thus, we specify the following fixed effect panel data models for the purpose of hypotheses testing as:

$$MarketDeep_{it}=\alpha+\beta_1 CSR_GI_{it}+\beta_2 CSR\text{-}GI*SSET_{it}+\beta_3 CSR\text{-}GI*SRI_{it}+\beta_4 CSR\text{-}GI*SRI*MP_{it}+\beta_5 Lagx_t+\beta_6 Firm_Size_i+B_7 lev_{it}+\beta_8 ECGW_{it}+\beta_9 ADI_{it}+B_{10} RDE_{it}+\gamma_i+y+\epsilon_t \text{--------------------------------} 2$$

The variables in the models are defined and described as follows.

Market Deep is dependent variable, which equals the ratio of sales to total assets in units of naira. The market share is for firms identified through cash flow pattern. We use this index because in differentiated product market, sales determine the rate of market power. *CSR_GI*is the corporate social responsibility expenditure measured in terms of generosity index. ***CSR_GI*** measures the rate of firms' donation in relation to their earnings. ***CSR-GI*SSET***=the amount of donation made by sunset firms. Sunset firms are firms from age 11 and above years for the purpose of this study. **CSR-GI*SRI**$_{it}$= the amount of donation made by Sunrise (new firms) firms measured in terms of their firm age. Sunrise firms are firms between the ages of 1 and 4. ***CSR-GI*SRI*MP***$_{it}$ specifically tests the effects of new firms' CSR and the market value interaction effect on market share. It is measured as the generosity index of new firms multiplied by the firms' market value divided by the total sales. Lev_{it} is a control for capital structure. Control for capital structure is essential because firms' capital ratio influences firms' performance. We determine capital structure in terms of the amount of long-term debt. This is because debt ratio has been demonstrated to affect corporate financial performance (Margaritis & Psillaki, 2010; Chetty et al. 2015; Rahman, et al., 2017). Rahman, et al., (2017), and Inoue & Lee, 2011) show that it is possible that debt leveraging, measured as long-term debt divided by total assets, affects corporate financial performance. $ECGW_i$. controlled for the effect of overall economic activity in the Nigerian economy. We measure this variable by gross domestic product (GDP) expressed as a ratio of sales because this might affect company performance positively or negatively (Rahman, et al., 2017). ***ADVI*** controls for advertising intensity following Servaes &Tamayo, (2013), and Rahman, et al. (2017). This variable is measured as the ratio of advertising expenditure to sales revenue. Rahman, et al., (2017) hypothesis showed that advertising CSR activities affects market performance and deepening by directly or indirectly creating a higher level of awareness among consumers, which increase their desire to purchase company products (Servaes & Tamayo, 2013). RDE_i controls for research and development (R&D) activities following Servaes & Tamayo, (2013) and Rahman, et al., (2017). Rahman, et al., (2017) have found that R&D expenditures affect corporate financial performance. Thus, a higher level of expenditure on R&D could result in enhanced product that can attract consumers. R&D activities can lead to the introduction of new products and services to the market, which can result in higher level of sales, which in turn can enhance firms' market share. We measure this variable by the ratio of R & D cost to sales value. We also controlled for firm size and is denoted as ***Firm_Size***. It is measured

as the value of firms' total assets divided by sales value. ***Lagx***$_{-1}$ is a control for the firms' prior earnings. This is because increase in firms' performance in the first period can enhance their second period CSR performance. We estimate the effect following prior studies namely Hanssens, Parsons, & Schultz, (2001) and Rahman, et al., (2017), which estimated the partial adjustment model where the dependent variable was lagged by one period. By using the partial adjustment model, we were able to analyze the effect of CSR activities on the P in both the short and the long runs. Industry effect also affects firms' involvement in CSR. AS such, we control for the industry. γ_{ii} is the industry specific effect that captures the impact of firms in different sectors. ***y***is a measure of the fixed year effect in the panel data.

Endogeneity Problem

Despite including different control variables to reduce the impact of omitted variables, this present study could suffer from endogeneity problem particularly omitted variables and reverse causality (Cahan, Chen, Chen, & Nguyen, 2015). Researchers of CSR have always predicted that an endogenous nexus could occur between CSR and corporate financial performance (Rahman, Rodríguez-Serrano, & Lambkin, 2017; Cahan *et al.*, 2015). We follow prior literatures to conduct Durbin-Wu-Hausman test to verify the potential presence of endogeneity. We found endogeneity to be absent ($\chi^2_{\text{Durbin–Wu–Hausman test}} = 9.2, p = 0.56$). Cahan *et al.*, (2015) predicted reverse causality could cause a serious problem in present study environment. A Granger causality test showed that the effect took Market deepening -CSR direction ($F_{\text{Granger test}} = 0.22, p = .2333$).

4. Results

Descriptive Statistic

Table 1: Descriptive Statistics

Variables	*Minimum*	*Maximum*	*Mean*	*Std. Deviation*
Market Deep	.11	3.59	2.2993	.50227
CSR_GI$_i$	2.25	3.54	2.9966	.31702
*CSR-GI*SSET*	.33	2.63	.7319	.35328
*CSR-GI*SRI*	.85	1.52	1.1775	.12178
*CSR-GI*SRI*MP*	0.32	0.032	0.123	0.5323
Lagx	-1.53	.89	-.0670	.44566
Firm_Sizei	5.66	7.54	6.7291	.64138
Lev	3.82	4.62	4.2993	.23542
ECGW	.30	1.46	1.0058	.26180
ADI	-1.53	.69	-.0703	.44289
RDE	-.34	.31	.1001	.10914
VIF	2.263			

Source: Author; using data from the sampled firms.

*Source: Eviews. CSR_GI= Corporate social responsibility generosity index. CSR-GI*SRI*MP= Corporate social responsibility and market value interaction; CSR-GI*SRI=corporate social responsibility generosity index for sun rising firms. CSR-GI*SSET= Corporate social responsibility generosity index for sun set firms. ECGWT= economic growth; Firm_Size=Firm size; LagX =performance lag; Lev=leverage; ADI= Advertising investment: RDE= Research and development expenditure. VIF=Variance Inflation Factor*

Table 2 above shows that the data is good for multiple regression analysis. The variance inflation factor (VIF) for all the variables indicates that multicollinearity problem is absent.

Correlation Matrix Analysis

Table 3: Correlation Matrix

Variables	*Market Deep*	*CSR_GI*	CSR-GI*SSET	CSR-GI*SRI	*Lagx*	*Firm Size*	*Lev*	*ECGW*	*ADI*	*RDE*	*CSR-GI*SRI*MP*
Market Deep	1										
CSR_GI	.274**	1									
CSR-GI*SSET	.092	-.074	1								
CSR-GI*SRI	.116	.237	.037	1							
Lagx	-.003	-.023	.514	-.019	1						
Firm Size	.135	.235	.458	.139	.186	1					
Lev	.031	.325	0.258	.349	.236	.148	1				
ECGW	.132	.252	.522	.449	.346	.349	.346	1			
ADI	.335	.351	.129	.329	.346	-.428	.129	-.286	1		
RDE	.332	.131	.158	.109	.236	.162	.154	-.116	.032	1	
*CSR-GI*SRI*MP*	0.211	.321	.112	.421	.150	-.048	.019	-.212	0.101	0.078	1

Source: Author; **= significant at 1%; *=significant at 5%;

The correlation matrix as presented in table 3 above shows that is a positive correlation between market penetration and CSR gross index (CSR_GI). CSR of sun rising firms (new firms) also positively correlates with market penetration (0.116, p-value<5%). There is a non-significant positive correlation between CSR of older firms (CSR-GI*SSET) and market deepening.

Regression Analyses

Table 4 below presents both fixed and random effect regression result. The result shows that the effect is mostly positive for the corporate governance variables. However, we would compare the random effect before the discussion of the result.

Table 4: Random and Fixed Effect Regression Results

Variables	Fixed Effect	Random Effect	Fixed Effect Probability	Random Effect Probability
C	0.162	-0.674	-	-
(T-Stat)	(0.192)	(-1.204)	0.847	0.230
CSR_GI	0.875	0.974	-	-
(T-Stat)	(7.641)	(13.270)	0.000	0.000
CSR_GI*SRI*MP	0.035	0.022	-	-
(T-Stat)	(0.500)	(0.409)	0.618	0.688
CSR_GI*SRI	0.364	0.054	-	-
(T-Stat)	(3.669)	(0.277)	0.010	0.781
CSR_GI*SSET	0.214	0.282	-	-
(T-Stat)	(0.300)	(4.882)	0.231	0.000
ECGWT	0.262	0.008	-	-
(T-Stat)	(4.192)	(0.088)	0.012	0.931
Firm_Size	0.008	0.061	-	-
(T-Stat)	(0.146)	(1.661)	0.880	0.099
LagX	0.029	0.012	-	-
(T-Stat)	(0.523)	(0.256)	0.601	0.797
Lev	-0.199	-0.153	-	-
(T-Stat)	(-1.212)	(-1.638)	0.228	0.103
ADI	0.060	0.074	-	-
(T-Stat)	(2.156)	(0.388)	0.021	0.700
RDE	1.020	0.340	-	-
(T-Stat)	(3.519)	(1.760)	0.002	0.080
Statistics				
R-Squared	0.809	0.642		
Adjusted R-Squared	0.717	0.615		
F-Statistic	8.793	23.53		
Prob (F-Statistic)	0.000	0.000		
Durbin-Watson Statistic	1.957	1.515		
Period Included	22			
Total Panel Observations	814			

*Source: Eviews. CSR_GI= Corporate social responsibility generosity index. CSR-GI*SRI*MP= Corporate social responsibility and market value interaction; CSR-GI*SRI=corporate social responsibility generosity index for sun rising firms. CSR-GI*SSET= Corporate social responsibility generosity index for sun set firms. ECGWT= economic growth; Firm_Size=Firm size; LagX =performance lag; Lev=leverage; ADI= Advertising investment: RDE= Research and development expenditure.*

Correlated Random Effect-Hausman Test

Table 5: Test Cross-Section Random Effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f	Prob.	
Cross Section Random	5.034	10	0.888	
Cross-Section Random Effect Comparisons				
Variables	**Fixed Effect**	**Random Effect**	**Var (Diff.)**	**Prob.**
CSR_GI	0.875	0.974	0.007	0.260
CSR_GI*SRI*MP	0.035	0.022	0.002	0.768
CSR_GI*SRI	0.364	0.054	0.045	0.838
CSR_GI*SSET	0.214	0.282	0.001	0.576
ECGWT	0.262	0.008	0.008	0.273
Firm_Size	0.008	0.061	0.002	0.256
LagX	0.029	0.012	0.001	0.561
Lev	-0.199	-0.153	0.010	0.735
ADI	0.060	0.074	0.012	0.529
RDE	1.020	0.340	0.013	0.511

*Source: Eviews. CSR_GI= Corporate social responsibility generosity index. CSR-GI*SRI*MP= Corporate social responsibility and market value interaction; CSR-GI*SRI=corporate social responsibility generosity index for sun rising firms. CSR-GI*SSET= Corporate social responsibility generosity index for sun set firms. ECGWT= economic growth; Firm_Size=Firm size; LagX =performance lag; Lev=leverage; ADI= Advertising investment: RDE= Research and development expenditure.*

Based on the above table 5, the test shows that the model is consistent with the fixed effect model (Chi-Sq. Statistic=5.034; p-value>0.05). Therefore, we based the discussion on the fixed effect model.

5. Discussion of Results

Based on our analysis, the correlation matrix did not show any Multicollinearity issue as the average standard errors of all the variables were not above 0.9, which is a benchmark. This is also confirmed by the VIF collinearity test, which did not exceed 5. According to Hair, Anderson, Tatham, & Black, (1998) a VIF of 10 is generally considered as a course for concern for Multicollinearity for multiple regressions. Our calculation yielded 2.263. Thus, the statistic is within the acceptable range, which means there was no collinearity issue. The R-Squared Value (0.809) shows that the data is very close to the fitted regression, which explains substantial amount of the variability of the response data around the

mean. Likewise, Durbin-Watson value (1.95) indicates an absence serial residual correlation. Thus, this model is not wrongly specified and would not lead to invalid conclusion. Generally, the combined effect of CSR on market penetration of emerging firms is significant (F-statistic=8.79; p-value <0.05).

CSR and Market Share

The first hypothesis examines the general effect of CSR generosity index (***CSR_GI***) on firms' market share or deepening. Based on our analysis, we found that CSR activities of firms significantly affect firms' market share and the effect is significant at 5% (Coefficient=0.359, p-value< 0.05). Thus, we accept the hypothesis 1that ***CSR positively affects firms' market share***. Thus, as firms spend more on CSR, they gain more market share, which could make them market leaders. This finding is consistent with the costumers-purchase intension theory (Servaes & Tamayo, 2013), which maintains that customers' purchase intention rises with firms' involvement in CSR. This finding also confirms Cheng *et al.*, 2014; Rahman, et al., (2017) who found that CSR activities of firms positively affect firms' market share. Thus, we found that overall CSR activities in Nigeria enhance corporate market performance consistent with the argument that purchase intention of consumers is directly proportional to the firms' CSR. This proves the fact that as CSR makes the purchase intention of customers stronger their customers' brand loyalty increases (Servaes & Tamayo, 2013). We confirm that customers may be willing to pay a higher price for products and services of companies that focus more on CSR activities as indicated in Servaes & Tamayo, (2013). This also implies that the community could see such legitimate-rewarding operation as a good strategy and would definitely factor in the reputation strategy in their relationship approach by increasing their purchase.

CSR and Older Firms' Market Performance

We defined sunset firms to be old firms that have gained some market standing. They also denote mature firms and firms at the decline stage. Our hypothesis argues that sunset firms can lower their CSR initiatives as they grow older and this significantly affects their market shares due to decreasing reputation. We test this hypothesis using the coefficient of *CSR_GI*SSET* and the associated p-value. Our analysis shows that CSR of aging firms are not statistically significant on their market share (coefficient=0.214; p-value>0.05). This suggests that as firms grow older, they may relax their CSR activities, which may reduce their reputation score. Thus, we reject the hypothesis that as m***ature firms lower their CSR initiatives as they grow older which significantly affects their shares' market value due to lower reputation.*** This is partial rejection because the effect is not significant at 5%. This confirms and explains the finding that the effect of CSR on market performance takes a U-shape (Cheng *et al.*, 2014). This means the effect may be positive negative and non-significant in this case zero. The reasons for the variations in the results are not farfetched. Based on our analysis, age of the firm is one of the factors that could explain why the effect takes such form.

This finding is consistent with the work of Rahman, et al., (2017), Aguinis & Glavas, (2012); Cheng *et al.*, (2014); and Ullmann, (1985) that the study settings, firms' age, measurement errors, and neglect of incidental variables explain the variations in the results. This also confirms Liu & Zeng (2017) who found that age diversity negatively affects CSR performance, which is consistent with the analysis based on social psychology. Both Michelon, Pilonato & Ricceri, (2015) and Waluyo, (2017) showed that firms' age is significantly associated with their CSR performance. Our finding also confirms the view that decline-stage firms tend to be engaged in more extreme adjustments-such as restructuring and mergers and acquisitions-rather than CSR activities, which are indirect means of survival (Campbell, 2007; Lee, & Choi 2018). This implies that when selling a firm in decline, company-to-company activities will be more vigorous and interesting than company-to-stakeholder activities (Campbell, 2007). The researcher argues that this stage, firm-level slack resources are important determinants of investments in CSR activities because firms in decline are not capable of investing in CSR. In this regard, agency theory also argues that firms in earlier life-cycle stages have more growth opportunities, and those growth options diminish over time (Jensen, 1986). The primary concern of mature firms is to maintain already gained financial performance level. Thus, at

some point in the decline stage, when growth-oriented resources have been exhausted, firms begin to acquire growing companies, or they are merged into other companies rather than focusing on CSR (Compbell, 2007). Indeed, at this stage, conducting CSR activities is very much secondary to survival (Lee & Choi, 2018). It is thud, expected consistent with our finding that firms at decline or mature stage, focus away from CSR demand (Compbell, 2007) leading to lower CSR that does significantly impact market attention.

CSR and New Firms' Market Share Performance and Share Price Value

Sunrising firms are growth-stage firms and new firms that seek market attention. We analyzed the proposition that CSR of new firms significantly affect their market penetration. Based on our analysis, we found that new firms' CSR activities (CSR_GI*SRI) significantly and positively affects (coefficient=0.364; p-value< 0.05). This effect was a reflection of the reputation effect as reflected on market value-CSR of new firms' relationship. The CSR of new firms has a significant effect on their share market value (coefficient=0.864; p-value<0.05). This means as new firms build their generosity index, the market participants places a higher rating on their stock, which opens market segments for them. This finding is also consistent with the finding that CSR of firms creates higher purchase intention on customers. It also proves the fact that new firms are growth firms that push for new markets. Research confirms that growth stage firms require both an ethical reputation and financial performance (Lins, Servaes, & Tamayo, 2017). Growing firms according to them need to build trust with external stakeholders, which is consistent with our finding. Our finding indicates that new firms in an attempt to build reputation engage in aggressive philanthropist activities, which in effect open new market for them. Such activities enhance the consumers' satisfaction. This is important for the new firms because a firm's survival and operational continuity depend on the satisfaction of stakeholder groups such as investors, internal employees, consumers, and governmental regulators (Lins, et al. 2017). The authors strongly agree that a trust between a firm and its stakeholders is built through investments in CSR. Thus, undertaking CSR activities, a start-up firm can enhance its reputation, and this may in turn enhance its business efficiency. Our result does not support the view that a firm in the early stage has much more pressing activities than CSR (Al-Hadi, et al. 2017).

Contrary to our finding, Al-Hadi, et al. (2017) find that CSR reduces financial distress and this relation is more pronounced for firms in mature stage therein firms at the other stages may be more concerned about CSR investment. We found that CSR activities are high concern for new business as they seek to gain new market attention. Our finding confirm the view that financial success is essential to firms that are starting a new business and by investing in CSR firms can surpass their performance benchmark (Waddock, & Graves, 1997). Thus, market share target of new firms can be significantly increased by investment in CSR consistent with Cochran and Wood (1984), who found that firms' young assets tend to have higher CSR ratings, and this implies that growing firms or new are expected to undertake CSR activities. This also goes a long way to support the finding of Lee, and Choi (2018) that firms have different CSR strategies, depending on their life-cycle stage and that firms in the growing (Sunrising) stage are positively related to CSR activities, which impact their market share performance.

Control Variable Influences and Roles in Sunrising Firms' Market Penetration

We found that CSR activities of Sunrising firms are significant in their gaining market attention. We found a positive relationship between CSR of new firms and their market share. However, we must warn that this effect is applicable if the following variables namely, advertising, research and development investment, economic development, firm size and leverages are taken into consideration. Our analysis implied that new firms that can command market attention must engage in aggressive advertising and investment in research and development cost. These variables have significant effect on firms' market penetration and market value. This implication of the control variable effect confirms the findings of Servaes &Tamayo, (2013), and Rahman, et al. (2017). Both researchers found that the above variables are positively and significantly associated with market

share. They found that they play significant intermediating roles. For example, they argued that a higher level of expenditure on R&D could result in enhanced product that can attract consumers (Servaes &Tamayo, 2013; Rahman, et al., 2017). They maintained that R&D activities can lead to the introduction of new products and services to the market, which can result in higher level of sales, which in turn can enhance firms' market share. For new firms to reap the full benefit of the market share effect of CSR activities, there must be good economic development indicator. In addition, capital structure must be taken into consideration. However, found that higher leverage could impact negatively on the ability of firms to gain new market. This is inconsistent with the view that capital structure is essential because firms' capital ratio influences firms' performance, perhaps positively.

6. Conclusion, Managerial Policy Implications and Research Limitations

Based on our analyses, we found that CSR activities present expanse opportunities for new and growing firms to expand their market share. Our analysis shows that new firms that engage in building their generosity index positively influence their market share. For the declining or old firms, we found that they play a defensive role and mostly focus away from CSR activities. Consistent with the available evidence, they are concerned with restructuring and company to company relationship than company to external stakeholders' relationship. This explains why the effect of their CSR is insignificant on their market share performance. The control factors were detected to play a significant role in firms' market penetration. Such variables like research and development investment, advertising, leverage and economic development should be considered in determining the effect of CSR activities of new firms on their market penetration. Our study has several implications for managers of Sunrising firms. New firms managers should focus on CSR activities particularly philanthropic activities in order to gain and control certain market. Sunset firms or declining firms are much concerned on other important issues such as restructuring for revival. Such a focus can be considered as an advantage to new or growing firms. Yet, it is very vital for managers to note that reaping CSR activities benefits in terms of market share might not be possible without aggressive advertisement and good capital structure. Consumers could be highly impressed if a new firm comes out with new products through research and development effort. This seems to be where the older or declining firms do win the market. Though mature or declining firms do not engage in aggressive CSR, their desire to diversify in order to maintain the market can lead them to research and development investments that would impress the consumers. With such they can enhance the purchase intention of consumers. Thus, the only way for new firms or growing entities to penetrate iron clad market or mature-firm dominant market is to add research and development effort to their CSR activities. They should also engage the tools of advertisement as consumers may not be aware of their philanthropic activities. Definitely, with investment in new products through research and CSR activities new firms would be able to win and maintain customers' purchase intention given that consumers are willing to pay higher for the product of firms' that engage in CSR activities.

Interestingly this study made significant contribution by determining the CSR activity role of new growing firms in market penetration. Despite such contribution, the study focused only financially quantified CSR activities. Most studies focus on CSR rating based on certain actions, which may not be monetary. Some of these activities are quantifiable financially but they can increase a firms' CSR rating. Thus, this study is limited by not including such items. We recommend that further studies that use survey should be carried out in order to see how help to influence new firms' market penetration. This study although is based on less examined sample is regional based, which may limit its generalization. Comparative study that focuses on more than one country should be carried.

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