
CORPORATE SOCIAL RESPONSIBILITY AND FIRMS' FINANCIAL PERFORMANCE: A STUDY OF NIGERIAN CONSUMER GOODS COMPANIES

Jarikre Victor EMAMOKE¹, Cordelia Onyinyechi OMODERO^{2*}

^{1,2} *Covenant University Ota, Ogun State, Nigeria*

**Corresponding author email: onyinyechi.omodero@covenantuniversity.edu.ng*

Abstract. The study is based on corporate social responsibility and financial performance of companies in Nigeria. The study focuses on the issues and ideologies that surround the practices of corporate social responsibility by consumer goods companies in Nigeria. The main objective of the study is to explore the impact of corporate social responsibility on profit after tax, earnings per share and net asset per share of listed consumer goods companies in Nigeria. The study adopts ex-post facto research design. Data were collected from financial reports of five listed consumer goods companies in Nigeria for a period of 5 years from 2015 to 2019. The financial reports and the hypotheses were statistically analysed using the panel data regression analysis. The results revealed a positive but insignificant effect of corporate social responsibility on profit after tax, earnings per share and net asset per share. According to the findings of the study, corporate social responsibility requires more attention and commitment from corporations because it ensures benefits other than profits which in the end boost financial performance.

Keywords: *Corporate social responsibility, Earnings, Financial reports, Profit after tax, net asset*

JEL Classification: G3, M14

INTRODUCTION

The performance of organisations is majorly influenced by their activities in the market and non-market environments. The aspect of corporate social responsibility (CSR) has developed rapidly over the years. Today, a growing number of businesses are beginning to see the relevance of corporate social responsibility as they can no longer overlook its societal importance. The SCR strategy is currently a universal theme for discussion as it helps companies increase their competitive advantage and performance, thus meeting the needs and demands of the stakeholders (Torugsa, et al. 2012).

It has been argued that the central objective of the firms is to increase firm value, ensure profitability and meet the demands of the shareholders. However, CSR has been criticized in recent periods, such as criticism about negative environmental impacts from production activities, climate changes, environmental harm, health and living impacts on local communities (Yusoff, Mohamad & Darus, 2013).

The current decade places sustainability as a fundamental scope for many business researchers owing to the perception that businesses are to generate value for their patrons and stakeholders while equally attending to their social responsibility duties so as to create an environment that is sustainable (Jooh, et al., 2010). According to Porter and Kramer (2002), many businesses see themselves as being divided between meeting social demands and maximizing short-term profits.

The manufacturing companies in Nigeria are faced with various concerns about the CSR concept and practice (Nwankwo, Onyeka & Chukwuani, 2016). These concerns comprise the need to conserve energy bearing in mind the energy utilized by these companies in the cause of their manufacturing process, waste minimization, and recycling. There are also environmental concerns faced by these companies, such as effects on environmental health of residents and the quality of products due to production operations. All these constitute the whole idea of what CSR intends to address which is the responsibility for the environment, community participation, human resource, consumers and products.

The fact that not many studies looked into consumer goods manufacturing industry was one of the differences found from previous literatures. Several studies in this field have concentrated on the oil and gas sector and the financial sector, while others have chosen companies at random to conduct their research on. In this regard, a thorough examination of the manufacturing industry is essential in order to determine the far-reaching effect of implementing CSR.

Therefore, in view of the above, this study is undertaken to assess the impact of CSR on the financial performance of listed consumer goods manufacturing companies in Nigeria.

The broad goal of the research is to assess the effect of corporate social responsibility on the financial performance of selected listed consumer goods manufacturing companies in Nigeria.

Specifically, the study formulates the following objectives:

- i. To evaluate the impact of CSR investment on profit after tax (PAT) of selected listed consumer goods manufacturing companies in Nigeria.
- ii. To determine the effect of CSR investment on earnings per share (EPS) of selected listed consumer goods manufacturing companies in Nigeria.
- iii. To evaluate the impact of CSR investment on net assets per share (NAS) of selected listed consumer goods manufacturing companies in Nigeria.

The following research hypotheses have been developed. The hypotheses guiding the study are stated in their null form:

H0₁: In Nigeria, there is not any substantial influence of commercial societal concern investment on profit after tax of industrial companies.

H0₂: In Nigeria, there is absence of noteworthy impression of business community obligation investment on earnings per share of industrial companies.

H0₃: There is certainly not any weighty effect of company public duty investment on net asset per share of manufacturing companies in Nigeria.

This study is in line with sustainability and environment accounting and also plans to address social economic environment. The study accommodates a period of five years from 2015 to 2019. It evaluates a selected number of consumer goods

manufacturing companies because not so many studies have been carried out in this sector of the economy in Nigeria.

The research introduces companies, the government and the public at large to the various aspects of corporate social responsibility approaches. Understanding of CSR approaches would help illustrate how the practice of corporate social responsibility improves the level of living of stakeholders. This study supports the stakeholders' theory, which states that in order to fulfil organisational goals efficiently and effectively, corporate organisations must be active participants in the society in which they operate.

1. LITERATURE REVIEW

Corporate social responsibility is seen as what business organisations can contribute to various aspects of the community in which they are situated in, in terms of socioeconomic, economic, political and even educational values and impacts which are not bound by law (Ademosu, 2008). Alkababji (2014) claims that CSR progressed as a result of the world economy's growth and expansion, which allowed for the rise of multinational corporations possessing economic strength higher than the GDP of several small or developing nations.

1.1. Conceptual Framework

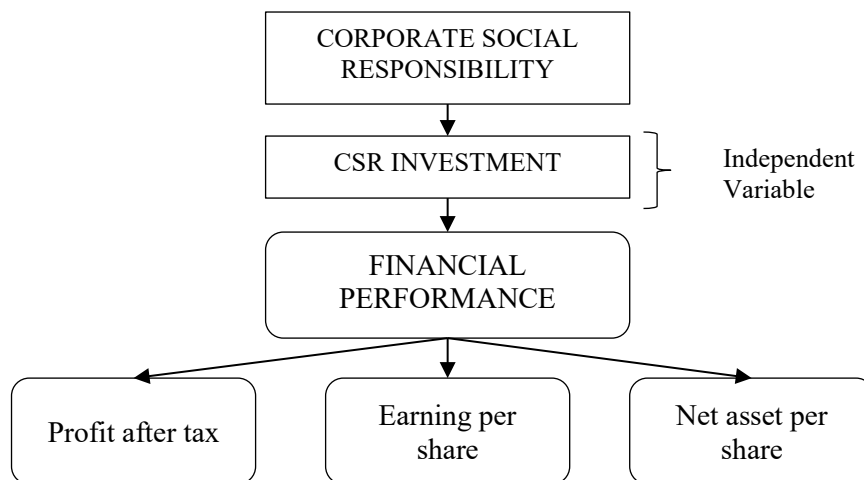


Fig. 1. Conceptual framework (Researchers' diagrammatical representation of conceptual framework).

1.1.1. Definition and Concept of Corporate Social Responsibility

Mubeen and Arooj (2014) defined corporate social responsibility as the organisational responsibility to develop their process in a manner that accommodates social, environmental and social aspects in their strategies and focuses on satisfying the other stakeholders' interests as well. Freeman (1994) defines CSR as follows: "An action by a firm, which the firm chooses to take, that

substantially affects an identifiable social stakeholder's welfare". Socially responsible corporations are eager and willing to take on strategies and business activities that go beyond the least legal criteria while still contributing to the well-being of their main stakeholders and surrounding environment.

The philosophy of corporate social responsibility is similar to the theory of sustainable development, which debates that businesses are to take decisions that are not primarily focused on financial reasons such as sales or earnings, but also on the imminent and long, social and environmental effects of their activities (Manescu & Starica, 2008). CSR is a term that encompasses three areas of corporate action: economic, social and environmental management. Garriga and Mele (2004) classified CSR theories into four categories: instrumental, political, integral and ethical.

Ajide and Aderemi (2014) identified that in Nigeria the role of corporate social responsibility is growing within many companies and societies. It is considered as the organisation's operation to have a long-term and sustainable impact on society, which has a prospective to have positive influence on the companies that practice it (Ajide & Aderemi, 2014). Therefore, the concept of CSR is expressed in companies' consistent commitment to provide benefits to the environment, workforce and community while still pursuing their corporate goals. It is essential for a company to maintain its dedication to acting justly and contributing to economic growth while also enhancing the status of labour force and the community at large.

1.1.2. Benefits of Corporate Social Responsibility

Implementing CSR occasions a series of benefits. Many researchers have proven that both company performance and society benefit from companies that are socially responsible. Arnold (2016) is of a belief that strengthened relationships between organisations and communities is the first benefit of CSR. CSR is actually not limited to environmentally polluting firms only, even banks as institutions of public trust, play an important role in CSR, with a special emphasis on pro-environmental initiatives (Ryszawska & Zabawa, 2018). The benefits of CSR in this research would be categorised into benefits to the company and benefits to the society.

1.1.3. Benefits to the Company

Kurucz, Colbert and Wheeler (2008) acknowledge the significance of corporate social responsibility in establishment of a corporate brand image. This is very crucial due to the fact that consumers evaluate and assess companies' public image when they are faced with the decision of purchasing what they need. Therefore, through CSR practice consumers' perspective toward a company will be positive, and through much commitment to this ethical practice more people will get to know about the brand and this in turn will lead to public awareness and recognition (Księżak, 2016).

Engaging in CSR activities can make a company stand out from its competitors in the industry. Society will view such a company as one that is willing to take steps

further by considering social and environmental factors, and it will be equally willing to partner with the company. This way, the company's customer base is being extended.

1.1.4. Benefits to the Society

Aside providing numerous benefits to an organisation, corporate social responsibility is intended to positively affect the societal well-being. Providing welfare to the society can also be a powerful drive for organisations to commence and keep up CSR participation (Perry & Towers, 2013). Starineca (2016) believes that socially responsible organisations are known for their commitment to the implementation of corporate social responsibilities. Societies that have profited from corporate social responsibility programmes are better and have a higher standard of living (Starineca, 2016).

1.1.5. Concept of Financial Performance

Performance is the enactment of a particular activity towards the achievement of a desired output, it is a means that can be used to measure organisational performance. The performance level is grounded on the sort of the company and their objectives set. Financial Performance is a subjective measure of how well companies are able to employ the available assets from their principal means of business to raise revenue. It is the degree of an organisation's policy and procedures in monetary terms.

Financial ratios and analysis have aided firms and organisations in measuring their performance, such areas of analysis include activity analysis, profitability analysis, financial structure analysis and so on.

1.2. Theoretical Review

1.2.1. The Stakeholder Theory

This is one of the profound theories of corporate social responsibility. A stakeholder, according to Freeman (2010), is any group or individual that can affect or is being affected by the attainment of an organisation's goals. Stakeholders basically involve a range of interest groups who are affected by an organisation's operations.

Freeman argues that shareholders of an organisation are the investors, who are seen as one of the various partners of an organisation. There are several other partners that have a relationship or are in contact with the organisation. The stakeholder theory attempts to explain that management of companies is not solely to focus on the demands of the owners but also takes into consideration the requirements of the stakeholders, as they also influence the organisation in one area or the other. According to Freeman (1984), the main purpose of the stakeholder theory is to edge on managers of organisations, if necessary, to go past business practices. According to Derroum and Haouati (2021), a company's intangible assets are determined by the perceptions of external individuals and stakeholders. As a

result, corporate social duties carried out by enterprises provide them with a favourable image, which is an intangible asset that leads to firm prosperity.

1.2.2. Legitimacy Theory

Legitimacy theory tries to justify a company's actions in implementing, developing and cooperating on social corporate accountability policies. The fundamental concept of the legitimacy theory is the retention of the company's social agreement, which validates it. This in effect includes the implementation of a corporate social responsibility policy that involves many practice industries, including accounting management.

Legitimacy theory from the viewpoint of Dowling and Pfeffer (1975) is based on the concept of organisational legitimacy, which is characterised as a state or status that occurs when an individual's values agree with the values of the large social entity to which they belong. There is a challenge to the organisation's reputation when there is a gap, actual or future, in the centre of the two value systems.

1.3. Empirical Review

Malik and Okere (2020) evaluated the relationship between corporate social responsibility, environmental investments and financial performance: evidence from manufacturing companies. The study made use of panel regression analysis and descriptive analysis to expand on the variables applied. The study's population comprised the total sixty-four (64) manufacturing companies. The study data spanned from a period of eight years, i.e., from 2011 to 2018. The research used donations, employee benefits and staff training cost as the self-determining variables and monetary output as the reliant factor. From empirical analyses, the study found out that there was a positive and significant relationship between environmental investments and financial performance of Nigerian manufacturing firms.

Adesunloro, Udeh and Abiahu (2019) analysed corporate social responsibility reporting and financial performance – a study of Nigerian breweries plc. For the purpose of the study, the t-test statistics at 5 % significance level was used for data analysis and questionnaires were structured to obtain information. The study relied heavily on secondary data, primarily from Nigerian Breweries' Annual statements and reports for the period of 2014–2017. Financial performance was used as the dependent variable and corporate social responsibility – as the independent variable. The study discovered that CSR reporting of Nigerian Breweries plc. significantly enhanced the company's financial efficiency.

Oladele and Mokuolu (2020) examined corporate social responsibility expenditure and the financial performance of quoted firms in Nigeria. Panel data analysis was adopted as the main estimating technique for the research and a sample size of 16 oil and banking companies was selected to be analysed. The study covered a period between 1999 and 2015. Their performance was proxy by profit after tax of the firms, while total expenditure on CSR, total asset, working capital and leverage ratio were the independent variables in the study. The results revealed

that CSR expenditure of the firms had positive influence on their performance, but the effect was not significant.

Igbekoyi, Alade and Oladele (2019) researched corporate social responsibility compliance among manufacturing firms in Nigeria. The researcher used graph, table and cross-sectional regression trend analysis. The data were evaluated with the aid of E-view statistical package. A sample size of 25 firms was adopted by the researchers. Figures were obtained from financial records of the firms selected from the period of 2002–2016. The study found that the rate of compliance of Nigerian manufacturing firms to CSR was greater than the rate of non-compliance.

Mugambi and Fatoki (2019) analysed the effect of corporate social responsibility disclosure on financial performance of manufacturing firms quoted on Nairobi Securities Exchange (NSE). Secondary data and material analysis of company financial reports were used in the research. Stata 12 was also adopted to analyse the data using both descriptive and inferential approaches. The population for this study included all the quoted manufacturing companies listed on NSE from 2007 to 2017. The research used return on assets (roa) as the dependent variable and corporate social responsibility as the independent variable. Environmental disclosure, community disclosure and financial performance of Kenyan listed manufacturing companies were found to have a notable positive but insignificant effect, according to the study.

2. METHODOLOGY

The section explores different methods and techniques used in the research. They involve the entire research plan and design that guide the data collection process, as well as various methods used to collect and evaluate data for examining the relationship between CSR investment and financial performance of Nigerian listed consumer goods manufacturing companies.

A secondary data survey was used for this analysis. The companies' annual reports and financial statements were carefully reviewed and analysed. The variables of the research were computed using the data obtained from annual reports, and financial statements of the selected organisations (PAT, EPS and NAS) were derived from the figures published in the annual reports. The extracted data include profit after tax, earnings per share, net assets per share, total sum (donation) expended on CSR for the period of 2015 to 2019, as well as other relevant ratios that are essential to any particular variable.

The study made use of secondary data obtained from the annual report of selected companies and their financial statements for the period of 2015–2019. Other relevant sources of data were obtained from other articles, periodicals and journals issued by the companies.

The term *population* refers to the sum total of all individuals that are relevant to the study. It includes all people or items with the characteristic one wishes to understand. For the purpose of the present research, the population consists of all consumer goods manufacturing companies listed on the Nigeria Stock Exchange. A total of 20 consumer goods manufacturing companies were listed on the Nigeria

Stock Exchange at the time of carrying out the research, which would serve as the population for this study.

Table 1. List of Consumer Goods Manufacturing Companies Listed in the Nigeria Stock Exchange as of December 2021

S/N	Company	S/N	Company
1.	Cadbury Nigeria Plc.	11.	Multi-Trex Integrated Foods Plc
2.	Champion Brew. Plc.	12.	N Nig. Flour Mills Plc.
3.	Dangote Sugar Refinery Plc	13.	Nascon Allied Industries Plc
4.	Dn Tyre & Rubber Plc	14.	Nestle Nigeria Plc.
5.	Flour Mills Nig. Plc.	15.	Nigerian Brew. Plc.
6.	Golden Guinea Brew. Plc.	16.	Nigerian Enamelware Plc.
7.	Guinness Nig Plc	17.	P Z Cussons Nigeria Plc.
8.	Honeywell Flour Mill Plc	18.	Unilever Nigeria Plc.
9.	International Breweries Plc.	19.	Union Dicon Salt Plc.
10.	McNichols Plc	20.	Vitafoam Nig Plc.

Source: Nigerian Stock Exchange webpage 2021

A sample is a subset of a population of items created for the purpose of making inference to the whole population. A sample size of five (5) listed consumer goods companies were randomly selected using purposive judgmental sampling technique, being one of the types of the non-probabilistic sampling method. The justification for selecting the five companies was based on availability of data. The selected companies represent those that practice corporate social responsibility, and those that influence their environment positively. The table below shows the selected companies for this study.

Table 2. Companies Selected by the Researchers

S/N	Company
1.	Cadbury Nigeria Plc.
2.	Dangote Sugar Refinery Plc.
3.	Flour Mills Nigeria Plc.
4.	Guinness Nigeria Plc.
5.	Nestle Nigeria Plc.

Source: Researchers' selected companies

2.1. Model Specification

The panel linear regression model equation was used to evaluate the proposed hypothesis and determine the relationship between CSR and the financial results of selected listed consumer goods manufacturing companies in Nigeria.

In the light of the objective of the research, the models adopted represent each of the given hypothesis respectively.

$$FP = f (CSRI)$$

For hypothesis one (**H0₁**), it is represented as follows:

$$PAT = f(CSRI) \dots \dots \dots (i)$$

Model (i) can be further specified as:

$$PAT_{it} = \beta_0 + \beta_1 CSRI_{it} + U_{it} \dots \dots \dots (ii)$$

For hypothesis two (**H0₂**), it is represented as follows:

$$EPS = f(CSRI) \dots \dots \dots (iii)$$

Model (ii) can be further specified as:

$$EPS = \beta_0 + \beta_1 CSRI_{it} + U_{it} \dots \dots \dots (iv)$$

For hypothesis two (**H0₃**), it is represented as follows:

$$NAS = f(CSRI) \dots \dots \dots (v)$$

Model (iii) can be further specified as:

$$NAS = \beta_0 + \beta_1 CSRI_{it} + U_{it} \dots \dots \dots (vi)$$

Where:

CSRI = Corporate Social Responsibility Investment;

FP = Financial Performance;

PAT = Profit after Tax;

EPS = Earnings per Share;

NAS = Net Assets per Share;

β = Coefficient of parameter.

2.2. Measurement of Variables

For the purpose of analysis of the study, one independent variable – CSR proxy by CSR investment – and three dependent variables, which are proxies for financial performance, were used, namely: profit after tax (PAT), earnings per share (EPS) and net assets per share (NAS). This study adopted a new set of proxy for financial performance. They are as follows:

1. Profit after tax (PAT): It is an indicator of a company’s profitability. It is the amount of earning of a business after the deduction of all taxes on income has been made. The balance is the profit made by the organisation.

$$PAT = Total\ revenue - Total\ expenses - Tax$$

2. Earnings per share (EPS): EPS is an indicator used to quantify corporate profitability. It calculates how much revenue a corporation earns for each share of stock it owns.

$$EPS = \frac{Profit\ after\ tax}{Issued\ ordinary\ shares\ ranking\ for\ dividend}$$

3. Net assets per share (NAS): It is an indicator of how profitable a company is. It measures the percentage of net assets traceable to each ordinary share in issue.

$$NAS = \frac{NetAssets}{Number\ of\ ordinary\ shares\ ranking\ for\ dividend}$$

CSR is the independent variable used for the purpose of this study, which is measured by the amount of donations made by these manufacturing companies for the relevant years as disclosed in their financial reports.

This study used simple linear regression tool with the applications of Ordinary Least Square method to test the three hypotheses.

Panel data regression was also used because of its ability to establish the relationship, reason and consequence between CSR and monetary productivity of manufacturing companies (Nwankwo et al., 2016). The E-view 10.0 was used in the analysis of data collected from the annual reports of the selected companies.

The a priori expectation is that CSR investment will have a negative effect on the three dependent variables: PAT, EPS and NAS.

3. RESULTS AND FINDINGS

Following the specification of the model for this study, this section focuses on data presentation, analysis and estimation, as well as the interpretation of the results generated. This section also aims at achieving the objectives of the study, i.e., demonstrating an effect of CSR on the financial performance of selected listed consumer goods manufacturing companies in Nigeria.

3.1. Trend and Descriptive Statistics

This section discusses the graphical trend of variables essential for this study, as well as descriptive statistics of variables.

The graphical trend of data aids in illustrating the flow and direction of variables throughout the period. Depending on the nature of the panel series, the variables may display a fluctuating or stable trend. As a result, the graphical analysis will show whether the variables changed or remained constant, rose or declined from 2015 to 2019.

Table 3. Average Values of the Variables of the Study as Computed from Excel

	AVCSR	AVPAT	AVEPS	AVNAS
2015	19 539 105.2	9 552 874.0	140.400	790.916
2016	27 727 531.6	6 853 786.2	-19.960	687.774
2017	76 440 508.6	16 719 820.4	112.940	716.620
2018	74 520 108.6	15 291 974.4	156.482	956.640
2019	34 659 130.0	13 405 760.0	167.340	979.040

Source: Researchers' computation from the Annual Reports of companies under study, 2015–2019

Table 3 displays the average values of the model proxies. Appendix 1 contains the data from which the averages were calculated. The average values in the table above were used to create the graphical representations shown below. The goal is to depict the movement of the model proxies over the course of this study.

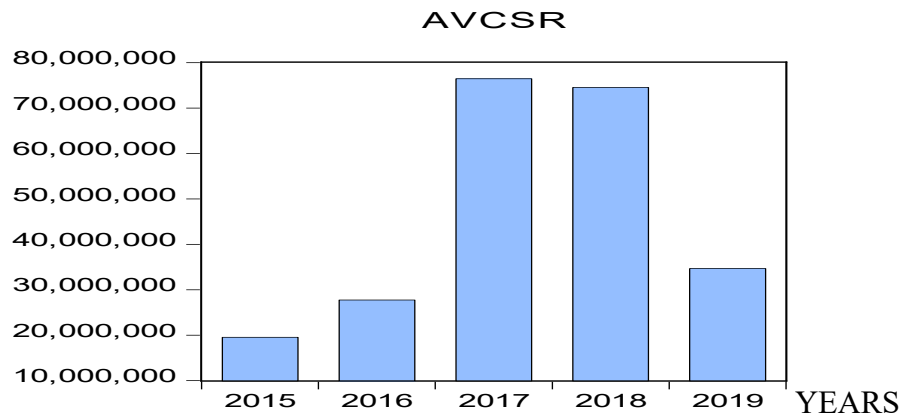


Fig. 2. Trend of corporate social responsibility investment (CSRI) (Computed by the researchers in E-views 10).

Figure 2 illustrates the pattern of CSR investment of the five companies from 2015 to 2019. Having the highest average value in 2017 and the lowest average value in 2015, the graph shows a fluctuating trend in this variable.

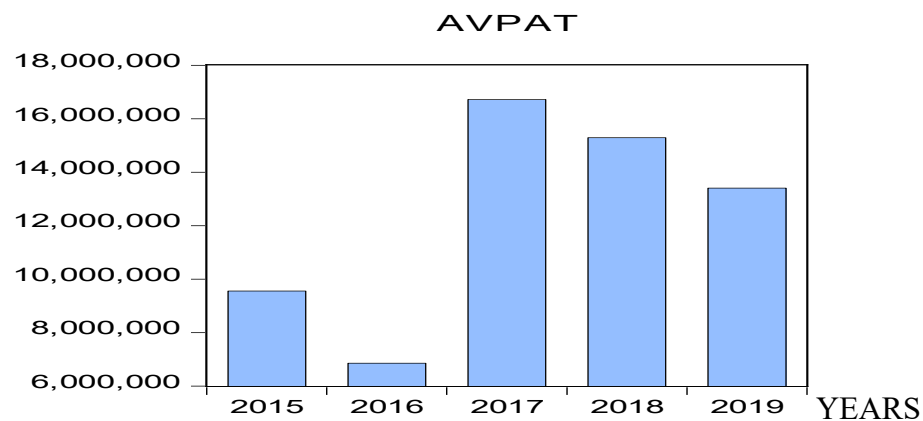


Fig. 3. Trend of profit after tax (Computed by the researchers in E-views 10).

From Fig. 3 it can be seen that profit after tax of the manufacturing companies under the period of study was fluctuating. In 2016, the average PAT was at the lowest point and it rose to the highest point in 2017. The fluctuation could be attributed to changes in operating expense production units and so on.

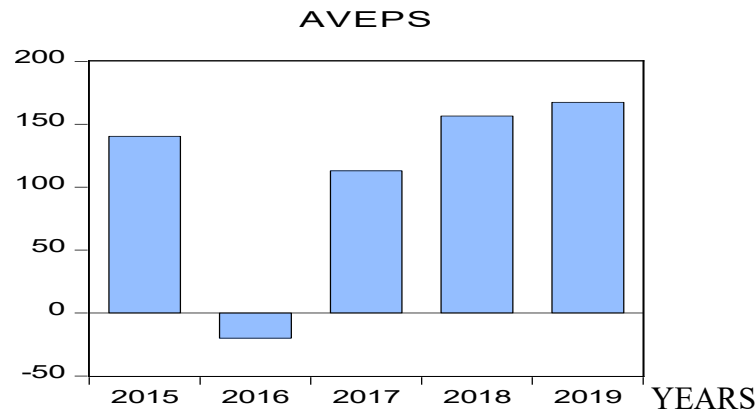


Fig. 4. Trend of earnings per share (Computed by the researchers in E-views 10).

From Fig. 4 it can be seen that the trend of earnings per share of the manufacturing companies under the period of study was fluctuating. In 2016, the average EPS was at the lowest point hitting a negative of 19.96, and it had an upward flow from 2017 to 2019.

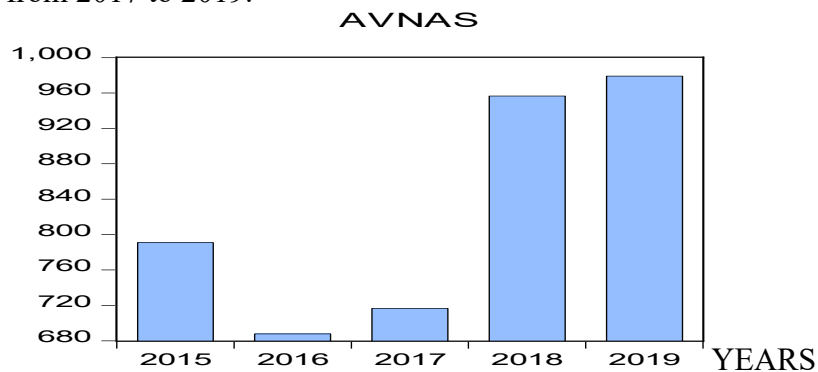


Fig. 5. Trend of net asset per share (Computed by the researchers in E-views 10).

From Fig. 5 it can be seen that net asset per share of the manufacturing companies under the period of study was fluctuating, with the lowest average value in 2016 and its peak value in 2019.

3.2. Descriptive Statistics of Data

The research assessed a summary of the characteristics of the key variables. A simple descriptive statistic was completed using E-views 10. These measurements provide information about the factors such as mean, most extreme and least qualities, standard deviations, skewness and Kurtosis.

The mean for CSR stood at 46 577 277, with a median of 11 775 000. The maximum value is 3.45E+08 and a minimum value of 2 088 000. The standard deviation of the distribution stood at 86 186 662. The distribution has a positive skewness, which means that CSR has a long right tail. The Kurtosis is greater than 3, which makes it peaked relative to the normal distribution. The series is normally distributed as the p -value of the Jarque-Bera is greater than 0.05.

Table 4. Summary Statistics

	CSR	PAT	EPS	NAS
Mean	46 577 277	12 364 843	111.4404	826.1980
Median	11 775 000	7 924 968	44.00000	56.62000
Maximum	3.45E+08	45 683 113	518.0000	4066.000
Minimum	2 088 000	-296 402.0	-134.0000	5.530000
Std. Dev.	86 186 662	13 301 106	168.1336	1349.661
Skewness	2.814850	1.152508	1.176125	1.515010
Kurtosis	9.587453	3.146110	3.248715	3.672904
Jarque-Bera	78.21672	5.556714	5.828066	10.03523
Probability	0.095609	0.062141	0.054256	0.066020
Sum	1.16E+09	3.09E+08	2786.010	20 654.95
Sum Sq. Dev.	1.78E+17	4.25E+15	678454.0	43 718 035
Observations	25	25	25	25

Source: Computed by the researchers in E-views 10

The mean of PAT is 12 364 843 with a median of 7 924 968. The maximum value is 45 683 113, while the minimum value is -296 402.0. The standard deviation of the series stood at 13 301 106. The distribution has a positive skewness, which means that PAT has a long right tail. The Kurtosis is greater than three, which makes it peaked relative to the normal distribution. The series is normally distributed as the p -value of the Jarque-Bera is greater than 0.05.

The mean of EPS is 111.4404 with a median of 44.00000. The maximum value is 518.0000, while the minimum value is -134.0000. The standard deviation of the series stood at 168.1336. The distribution has a positive skewness, which means that EPS has a long right tail. The Kurtosis is greater than three, which makes it peaked relative to the normal distribution. The series is normally distributed as the p -value of the Jarque-Bera is greater than 0.05.

The mean of NAS is 826.1980 with a median of 56.62000. The maximum value is 4066.000, while the minimum value is 5.530000. The standard deviation of the series stood at 1349.661. The distribution has a positive skewness, which means that NAS has a long right tail. The Kurtosis is greater than three, which makes it peaked relative to the normal distribution. The series is normally distributed because the p -value of the Jarque-Bera is greater than 0.05.

3.3. Test of Hypothesis

Regression approach was used to test the hypotheses previously stated in this study. The hypotheses were tested in three phases. In step one, the hypotheses were repeated in null and alternative versions. In step two, the results were examined, and in step three, choices were made. The decision rule required the rejection or acceptance of the null or alternate hypotheses based on the criterion of the techniques of analysis.

3.3.1. Hypothesis Testing

Step 1: Restate the hypothesis in null and alternative versions.

H01: There is no discernible impact of corporate social responsibility investment on profit after tax of Nigerian manufacturing firms.

H11: Corporate social responsibility investment has a substantial influence on the profit after tax of Nigerian manufacturing firms.

Decision Rule: If the estimated coefficient of corporate social responsibility has a positive (+) sign and its probability value is less than 0.05, the null hypothesis is rejected and the alternate hypothesis accepted. On the contrary, if the estimated coefficient of corporate social responsibility does not have a positive sign (–) and its probability greater than 0.05, the null hypothesis is accepted and the alternate rejected.

Step 2: Analysis of Regression Results

Table 5 shows the result of the panel least squares analysis of the impact of corporate social responsibility investment on profit after tax of manufacturing companies. The coefficient of determination (R^2), which measures the goodness of fit of the model, indicates 57 % which means that 57 % of the total variations observed in the dependent variable were explained by the independent variable. This was moderated by the adjusted R-squared of 52 %. The result shows that corporate social responsibility has a positive but insignificant impact on profit after tax of the manufacturing companies ($a = 0.031722$, $p = 0.8676 > 0.05$).

Table 5. Corporate Social Responsibility and Profit after Tax

Dependent Variable: <i>PAT</i>				
Method: Panel Least Squares				
Sample (adjusted): 2016 2019				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
<i>CSR</i>	0.031722	0.187045	0.169594	0.8676
<i>C</i>	6.740605	1.457018	4.626303	0.0003
<i>AR(1)</i>	0.698614	0.174742	3.997967	0.0012
<i>R</i> -squared	0.579092	Mean dependent var		6.901669
Adjusted <i>R</i> -squared	0.522971	S.D. dependent var		0.547323
S.E. of regression	0.378021	Akaike info criterion		1.043278
Sum squared resid	2.143498	Schwarz criterion		1.191673
Log likelihood	–6.389498	Hannan-Quinn criter.		1.063739
<i>F</i> -statistic	10.31861	Durbin-Watson stat		1.789094
Prob(<i>F</i> -statistic)	0.001518			

MODEL 1, $PAT = f(CSR)$, **Source:** Researchers' E-view result

Step 3: Judgment

Despite the fact that the calculated coefficient of corporate social responsibility is positive, the null hypothesis is accepted while the alternative hypothesis is

rejected. Thus, CSR has a positive but insignificant impact on profit after tax of manufacturing companies in Nigeria.

3.3.2. Testing Hypothesis Two

Step 1: To restate the hypothesis in both null and alternative forms

H02: There is no discernible impact of corporate social responsibility investment on earnings per share of Nigerian manufacturing firms.

H12: Corporate social responsibility investment has a substantial influence on earnings per share of Nigerian manufacturing businesses.

Decision Rule: If the estimated coefficient of corporate social responsibility has a positive (+) sign and its probability value is less than 0.05, the null hypothesis is rejected and the alternate hypothesis accepted. On the contrary, if the estimated coefficient of corporate social responsibility does not have a positive sign (–) and its probability greater than 0.05, the null hypothesis is accepted and the alternate rejected.

Step 2: Analysis of Regression Results

Table 6. Corporate Social Responsibility and Earnings per Share

Dependent Variable: <i>EPS</i>				
Method: Panel Least Squares				
Sample (adjusted): 2017 2019				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
<i>CSR</i>	0.175473	0.133311	1.316262	0.2245
<i>C</i>	–2.263532	2.676528	–0.845697	0.4223
<i>AR(2)</i>	1.130839	0.148074	7.637002	0.0001
<i>R</i> -squared	0.864302	Mean dependent var		1.630143
Adjusted <i>R</i> -squared	0.830377	S.D. dependent var		0.947579
S.E. of regression	0.390263	Akaike info criterion		1.183009
Sum squared resid	1.218441	Schwarz criterion		1.291525
Log likelihood	–3.506547	Hannan-Quinn criter.		1.114604
<i>F</i> -statistic	25.47721	Durbin-Watson stat		2.393964
Prob(<i>F</i> -statistic)	0.000339			

MODEL 2, $EPS = f(CSR)$, **Source:** Researchers' E-view result

Table 6 shows the result of the panel least squares analysis of the impact of corporate social responsibility investment on earnings per share of manufacturing companies. The coefficient of determination (R^2), which evaluates the model goodness of fit, is 86 %, which implies that the independent variable explained 86 % of the total changes observed in the dependent variable. The adjusted *R*-squared of 83 % mitigated this. The findings indicate that corporate social responsibility has a positive and substantial influence on earnings per share of manufacturing businesses ($a = 0.175473$, $p = 0.2245 > 0.05$).

Step 3: To make a decision

Despite the fact that the calculated coefficient of corporate social responsibility is positive, the null hypothesis is accepted while the alternative assumption is violated.

Thus, CSR has a positive but insignificant impact on earnings per share of manufacturing companies in Nigeria.

3.3.3. Testing the Third Hypothesis**Step 1: To restate the hypothesis in both null and alternative forms**

H03: There is no substantial impact of corporate social responsibility investment on the net asset per share of Nigerian manufacturing firms.

H13: There is significant impact of corporate social responsibility investment on net asset per share of manufacturing companies in Nigeria.

Decision Rule: If the estimated coefficient of corporate social responsibility has a positive (+) sign and its probability value is less than 0.05, the null hypothesis is rejected and the alternate hypothesis accepted. On the contrary, if the estimated coefficient of corporate social responsibility does not have a positive sign (–) and its probability greater than 0.05, the null hypothesis is accepted and the alternate rejected.

Step 2: Analysis of Regression Results**Table 7.** Corporate Social Responsibility and Net Asset per Share

Dependent Variable: <i>NAS</i>				
Method: Panel Least Squares				
Sample (adjusted): 2016 2019				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
<i>CSR</i>	0.011422	0.027196	0.419973	0.6798
<i>C</i>	4.293947	3.893159	1.102947	0.2854
<i>AR(1)</i>	0.989787	0.016091	61.51001	0.0000
<i>R</i> -squared	0.995521	Mean dependent var		2.112829
Adjusted <i>R</i> -squared	0.994994	S.D. dependent var		0.960542
S.E. of regression	0.067960	Akaike info criterion		–2.402326
Sum squared resid	0.078515	Schwarz criterion		–2.252966
Log likelihood	27.02326	Hannan-Quinn criter.		–2.373169
<i>F</i> -statistic	1889.320	Durbin-Watson stat		2.380352
Prob(<i>F</i> -statistic)	0.000000			

MODEL 3, $NAS = f(CSR)$, **Source:** Researchers' E-view result

Step 3: Verdict

Despite the fact that the calculated coefficient of corporate social responsibility is positive, the null hypothesis is accepted while the alternative hypothesis is rejected.

Thus, CSR has positive but insignificant impact on net asset per share of manufacturing companies in Nigeria.

3.4. Implications of Results

Objective 1: To evaluate the impact of CSR on profit after tax (PAT) of selected listed consumer goods manufacturing companies in Nigeria.

The findings revealed that corporate social responsibility investment has a positive but insignificant impact on the profit after tax of Nigerian manufacturing companies. This goes on to show that CSR does not impact the PAT of these companies. It could also explain that there is an observed low proportion of profits that are committed to CSR activities by entities in this sector.

Objective 2: To determine the effect of CSR on earnings per share (EPS) of selected listed consumer goods manufacturing companies in Nigeria.

The results reveal that corporate social responsibility investment has a negative and insignificant impact on earnings per share. This could be explained by the observed low share of earnings dedicated to CSR initiatives by companies in this sector.

Objective 3: To determine the effect of CSR on net asset per share (NAS) of selected listed consumer goods manufacturing companies in Nigeria.

The results reveal that corporate social responsibility investment has a negative and insignificant impact on net asset per share. This goes on to show that CSR does not impact the NAS of these companies. It could also explain that there is an observed low proportion of profits that are committed to CSR activities by entities in this sector.

CONCLUSION

The study has assessed the influence of corporate social responsibility investment on financial performance. The subject of corporate social responsibility has largely influenced the academic literature in recent times in a quest to reveal its societal relevance. The focus now rests on achieving sustainable growth by assuring performance in three dimensions: economic, social and environmental.

CSR does not generate instant results. The same CSR effort may not be appropriate over all sorts of organisations. Therefore, creating a CSR initiative necessitates meticulous preparation and a framework for implementation. To establish and preserve a competitive advantage, corporate companies should integrate creative CSR tactics into various marketing communication techniques.

This study has empirically evaluated the connection between corporate social responsibility and financial performance of listed consumer goods companies in Nigeria using the corporate social responsibility investment of these companies from 2015 to 2019. CSR showed a positive but insignificant effect on the profit after tax, earnings per share and net asset per share of the selected companies.

In respect to the findings and observations in this study, the following recommendations have been made:

1. Corporate social responsibility requires more attention and commitment from corporations because it ensures benefits other than profits. It provides an opportunity for the business environment to innovate and explore other highly promising areas to improve the organisation's profit holdings and significantly increase competitive advantage.
2. Corporate social responsibility disclosure should be intentionally encouraged and it should be in line with internationally recognised standards. However, the level of development of these companies should be taken into consideration.
3. Organisations are urged to view corporate social responsibility as a marketing technique or strategy for promoting their products in order to make sales profit, satisfy customers, maximize the shareholders' return, satisfy stakeholders and promote image to potential employees and customers.
4. Government and communities should examine areas where a portion of the tax will be utilized by the company to fund community-based projects such as schools, energy, clean water, jobs, and so on. This can take the form of tax breaks. It will increase the corporate organisation's social responsibility and substantially contribute to national and economic growth.

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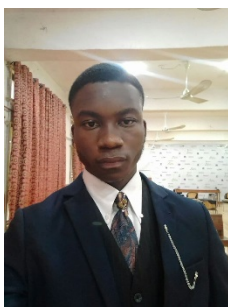
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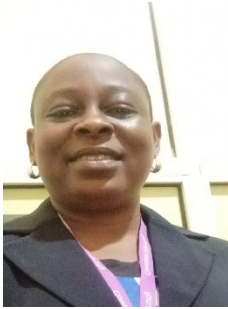
AUTHORS' SHORT BIOGRAPHIES



Jarikre Victor Emamoke is a 2020/2021 graduating student of the Department of Accounting, College of Management and Social Sciences, Covenant University, Ota, Ogun State, Nigeria. Jarikre Victor Emamoke has just concluded his final year project in partial fulfilment of the requirements for the award of a Bachelor of Science (honours) degree in Accounting from the above mentioned university. His research was directed on corporate social responsibility and financial performance of companies in Nigeria using a case study of listed consumer goods companies in Nigeria.

Address: Covenant University Ota, Canaanland, Ogun State, Nigeria.

E-mail: <mailto:victor.jarikre@stu.cu.edu.ng>



Cordelia Onyinyechi Omodero is an Associate Member of the Institute of Chartered Accountants of Nigeria (ICAN). She has a Doctor of Philosophy (PhD) degree in Accounting from Michael Okpara University of Agriculture in Umudike, Abia State, Nigeria. She also holds a Master of Science (MSc) degree in Accounting and a Bachelor of Science (BSc) degree in Accounting from Imo State University Owerri and Rivers State University, respectively. She is presently a Lecturer at the Department of Accounting of Covenant University, Ota, Ogun State, Nigeria. Her primary areas of study include accounting, taxation, capital market development, public sector accounting and finance.

Address: Covenant University, Ota, Ogun State, Nigeria.

E-mail: onyinyechi.omodero@covenantuniversity.edu.ng

ORCID ID: <https://orcid.org/0000-0002-8758-9756>