*Journal of Applied Agricultural Economics and Policy Analysis, 2022, Vol. 5, No. 1, 1-8*
Available online at http://pubs.sciepub.com/jaaepa/5/1/1
Published by Science and Education Publishing
DOI:10.12691/jaaepa-5-1-1

# Corporate Social Responsibility and Corporate Financial Performance

**Ehijiele Ekienabor[1,*], Ogungbenle Simeon Kayode[2], Oyakhilome Ekienabor[3]**

[1]Department of Business Administration, Igbinedion University, Okada, Nigeria
[2]Banking and Finance Department, Igbinedion University, Okada, Edo State – Nigeria
[3]Operations Department, Ekiens Investment Nigeria Limited, AMAC, Abuja – Nigeria
*Corresponding author: jekienabor@yahoo.com

*Received April 11, 2022; Revised May 16, 2022; Accepted May 24, 2022*

**Abstract** This quantitative research examines the relationship between corporate social responsibility and corporate financial performance. The research's specific objectives examined if there is any significant relationship between corporate social responsibility and net profit after tax. Also, the research looks to establish if there is a significant relationship between CSR and an organisation's revenue. The study's target population consisted of staff of Frieslandcampina Wamco and Unilever Nigeria PLC. The descriptive research design was adopted to obtain data needed to examine the relationship between the variables, and secondary data sourced from annual reports and accounts of the firms under study from 2013 – 2018 were used. Consequently, hypotheses were developed and were subsequently tested using the ordinary least square regression technique. Consequently, findings showed that CSR has a significant relationship with net profit after tax (NPAT). Furthermore, there is a positive and significant relationship between corporate social responsibility and revenue. Based on the findings, the study recommended that the fast-moving consumer goods firms from the manufacturing sector in Nigeria increase their investments in corporate social responsibility, as this will enhance their turnover in net profit before tax. In addition, manufacturing companies should ensure that CSR is encouraged to improve the companies' corporate image and reputation, which can invariably boost revenue and earnings for the firm.

***Keywords:*** *corporate social responsibility, corporate financial performance, net profit after tax, revenue*

**Cite This Article:** Ehijiele Ekienabor, Ogungbenle Simeon Kayode, and Oyakhilome Ekienabor, "Corporate Social Responsibility and Corporate Financial Performance." *Journal of Applied Agricultural Economics and Policy Analysis*, vol. 5, no. 1 (2022): 1-8. doi: 10.12691/jaaepa-5-1-1.

## 1. Introduction

The discussion about corporate social responsibility (CSR) began in the 1950s and has since continued to grow in importance and significance though subjected to much debate and research. However, despite the seemingly endless discussion, it has seen much development in academic and practitioner communities worldwide [1].

[2] argue that CSR has existed for more than 60 years, and to date, there is no universally accepted definition. The authors consider that the main idea of this concept is "that socially responsible companies take into account all their activities, reconcile their interests with the interests of shareholders, employees, consumers, the environment, their community and other stakeholders, as well as take responsibility for their impact on the environment."

[3] defined CSR as actions that appear to further some social good beyond the firm's interests and that which is required by law. This definition is essential because CSR activities are voluntary, going beyond the firm's legal and contractual obligations. As such, it involves a wide range of activities such as being employee-friendly, environment-friendly, mindful of ethics, respectful of communities where the firms' plants are located, and even investor [4].

The primary objective of an organisation is to "make a profit", and corporate social responsibility is an extra cost that most organisations will prefer to do without since it will constitute a financial burden on the business and thus decrease the amount of profit to be made for a particular period; companies need more certainties about the increase in value that the introduction of CSR brings [5]. [6] argues that there is one and only one social responsibility of business, which is to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to engage in open and free competition without deception or fraud.

As a result of high competition in the market, corporations need to concentrate on activities that have positive effects and gains instead of engaging in CSR projects. If a business aims to maximise profits, what could be the motives that lead organisations to engage in social projects when they are not generating profit from these projects. This might be explained by the view that CSR projects provide sustainability for organisations' long-term profits; therefore, they could be a tool for profit maximisation. In the literature, it will be argued that organisations engage in CSR for social and commercial benefit, which increases the organisation's value to society and government [7]. The main force that drives companies to adopt corporate social responsibility is CSR's financial benefits.

The proponent of CSR believes that engaging in a CSR-related programme can benefit the organisation in several ways, such as a reduction in labour turnover [8], the enhanced reputation of the company and achievement of business strategy [9,10].

Corporate social responsibility is yet to gain full recognition from companies and stakeholders, and its importance is yet to be fully explored and utilised. However, with the growing emergence of the knowledge economy, the lack of attention to CSR has been called into question due to the recognition that CSR is an increasingly important part of an organisation's total value. However, various problems persist since there has not been any conclusive evidence to prove CSR has a direct link to an organisation's financial performance.

[5] states that the first empirical research on the relationship between CSR and financial performance was conducted in 1972, in which the average return and average equity were examined to evaluate financial performance and found a positive relationship. Following this, the emphasis on the relationship has become a focus for many researchers across specialisms. In the academic literature, the theoretical linkage between CSR and FP of the organisation found inconsistency in results [11,12]. Hence, the body of knowledge in this regard can be categorised into three spectra; that is, some argue that CSR can enhance the FP of the organisation, and other researchers argue that CSR somewhat reduces firms' performance. Finally, other schools of thought argue that no correlation exists between CSR and organisation performance.

Previous studies have observed that although the concept of CSR has been recognised as an essential ingredient for business success, the relationship between CSR and companies' financial performance has been inconclusive, controversial and open to further research.

Research carried out by [13,14,15,16] found a significant positive relationship between corporate social responsibility and financial performance. [17] on the other hand, [18,19,20] found no significant relationship between a composite measure of a firm's corporate social responsibility and financial performance. However, other scholars found a significant negative relationship between a firm's corporate social responsibility and financial performance. Further, [21] reported a significant positive relationship accompanied by a causal link between CSR and CFP.

The sparse and inconsistent evidence on the relationship between CSR and CFP in developing counties points to the need for further investigation, especially in Nigeria.

Therefore, CSR cannot authoritatively be said to have either significant or insignificant effects on the financial performance of an organisation, and this calls for systematic evaluation of CSR on case to case basis regardless of the sector. After going through various literature, it came to light that although numerous studies had been done on corporate social responsibility and financial performance in various other countries, the topic of CSR and corporate financial performance remain inconclusive in the Nigerian context. Thus the current study aimed to fill the research gap in the literature by examining the relationship between corporate social responsibility and corporate financial responsibility.

The main research objective is to analyse corporate social responsibility and examine its impact on corporate financial performance. The specific objectives are: to determine if there is any significant relationship between CSR and net profit after tax; to examine if there is any significant relationship between CSR and the organisation's revenue.

## 2. Literature Review

[22] contend that CSR is a significant area in the research of management methods. There has been significant interest in CSR research in recent decades, primarily due to the rapid development of the current global economy, producing an increasingly apparent conflict between enterprise development and the social environment [23].

The concept of CSR covers three dimensions of corporate action: economic, social and environmental management [24]. [25] categorised CSR into four aspects: employees-oriented, society-oriented, environment-oriented, and market-oriented, focusing mainly on various stakeholder groups. Corporate social responsibility is generally voluntary and refers to activities that exceed mere compliance with the law. The social and environmental responsibilities of enterprises may reflect society's changing expectations. While [26] grouped theories of CSR into four: instrumental, political, integral and ethical theories.

Corporate social responsibility defines the ability of a company to be socially responsible for the growth and development of the environment in which it operates. In addition, it defines the voluntary services given by a company to society. The effect is the increase in purchasing behaviour and the company's good brand image in society. The ability of a company to engage in environmental protection, charitable programs, and community relations has made them exhibit sound and increased performance over its competitors that see corporate social responsibility as a mere issue.

According to [17], Corporate social responsibility poses several challenges for enterprises, including the need to define their responsibilities to those of the public sector, determine the extent of their obligations in the supply chain and decide until what point in the future they should anticipate and plan for the consequences of their activities, especially in the case of natural resource use.

As postulated by [27], CSR is viewed most commonly in philanthropy rather than sound business practice, supporting the bottom line, which is the case in Nigeria.

The main objective of CSR in companies is to establish the key factors that determine corporate performance to remove negative influences and enhance those with a positive impact on business. Therefore, each company differs in how it implements CSR; such factors include the specific company's size, risk and growth, the capital structure of the firm industry involved and CSR activities the company is engaging in.

The analysis of corporate financial performance has a special significance for the management to maintain the company's stability and increase its market share. Company managers' effectiveness and resource efficiency directly affect the development of the state in which they operate by obtaining positive financial results.

Firm performance and CSR are affected by several factors. [28] indicates that firm size (total sales, total assets and number of employees), risk (long-term debt to total assets ratio), and industry affect firm performance and CSR. Size plays an essential role because; small companies cannot adopt CSR activities to the same extent as large ones. [19] indicate that market capitalisation and risks facing the company have a significant impact on the firm's attitude against CSR because of savings, costs and market. The kind of industry and its characteristics may create problems in exploring CSR actions [28].

[29] identified the financial benefits CSR has, which include enhanced brand image and reputation, which consumers are often drawn to brands and companies with good reputations in CSR related issues. Furthermore, a company regarded as socially responsible can also benefit from its reputation within the business community by having an increased ability to attract capital and trading partners. [30] explained that good environmental and social performance will result in good financial performance due to the efficient use of resources and stakeholder commitment, which is why customers' loyalty increased, as they perceived the company as a member of society. Eventually, sales increased, leading to better returns. According to [31] study, companies use CSR activities as a prevention strategy to protect them from corporate scandals, unpredicted risks, and brand differentiation, enabling the company to be competitive in the industry. Furthermore, the companies do relate the CSR activities and financial benefits they will get in terms of how many investors they will attract.

## 2.1. Empirical Review

The linkage between CSR and financial performance has remained unclear, with literature showing contradictory information. Literature available can be grouped into three; those which find a positive relationship, suggesting that CSR improves firms' value; those which find a negative relationship, adopting the idea that a firm must use its resources only to maximise its profits and otherwise it will have adverse results, and those which found neutral relationship. CSR may also be linked with subsequent financial performance to find out the degree financial performance is improved; also, it can be linked with past firm performance to explore if firms with high financial performance take on CSR actions [32].

Based on this interrelationship that financial performance and CSR determine the magnitude of each other, some research has found that CSR positively affects an organisation's financial performance; [13] researched corporate social responsibility and financial performance using international evidence of the mediating role of reputation. They empirically investigate a sample of 3274 listed firms from 2009–to 2016 drawn from 25 countries in Europe, Asia, Africa, and South and North America. Using four OLS regressions, they evince that CSR has a positive and direct impact on corporate financial performance.

[14] researched the relationship of corporate social responsibilities and profitability: a case study of Dangote Cement Plc. Using a linear correlation coefficient (R-square), the findings showed a positive relationship between CSR and profitability. Therefore, Dangote Cement Plc. CSR investments positively impact profitability performance indicators such as Revenue, Profit after tax, and earnings per share for the studied period (2012-2016). Revenue showed a 67.81% relationship, profit after tax showed a 54.28% relationship, and earnings per share showed a 60.79% relationship; thus, CSR positively impacts profitability.

[15] conducted research on 1,877 firms across ten different industries and found that most of the relationship was positive, but the influence depends on the industry. [33] conducted an empirical study based on the stakeholder theory to explore further the relationship; three models (direct effect, moderated effect, and intermediated model) were used to identify the level of performance via return-on-asset (ROA), return-on-equity (ROE) and Tobin's Q. It found that CSR can positively influence financial performance when the operating environmental effects are controlled. Overall, it is apparent that there is a positive relationship between CSR and financial performance.

[16] researched the impact of corporate social responsibility reporting on the profitability of Nigerian manufacturing firms, a sample of data collected from 10 quoted manufacturing firms using regression analysis showed that corporate social responsibility had a positive and significant impact on the net profit of the manufacturing firms in Nigeria.

[34] examined the impact of CSR activities on financial performance in developing economies. The study considered employee relations (ER), company performance (CP) and environmental management system (EMS) to be the independent variables, while the individual dependent variables were measured with Return on Equity (ROE) and Return on Assets (ROA) in Nigerian companies. The study used a sample of forty audited financial statements of quoted companies in Nigeria. The results showed that CSR has a positive and significant relationship with the financial performance measures.

[35] using ROA and annual stock return as dependent variables, they found a positive and significant relationship with CSR score. Bird et al. (2007) concluded that firms who engage in CSR activities would be rewarded in the marketplace, but the market seems to negatively evaluate firms that do not include CSR strategy in their business.

Based on the theories of "slack resources" and "good management", [28] found that better financial performance results in improved CRS and improved CSR leads to improved financial performance. This presents a serious conflict among researchers on whether CSR is an independent or dependent variable evaluating the relationship between CSR and financial performance. [36]

suggested that the high listed companies reported higher than average stock returns in terms of CSR.

As pointed out previously, the relationship between CSR and corporate performance is both negative and positive. In contrast, a negative relationship was proved in the study of [18], who conducted a study on the impact of corporate social responsibility on an organisation's financial performance finding evidence from Maldives public limited companies. The finding reveals that diversity and ROA, environment and ROE, diversity, and EPS, and when the firm's size is controlled, there is a significant negative relation between CSR and ROA; hence, it can conclude that there is a significant negative relationship between CSR and FP.

[19] found that the overall CSR measure has a significant but negative effect on stock returns. Evaluating each social performance indicator, they found that the measure of employee performance has a significant and negative effect on stock returns, community measure has a positive but not significant effect, and environment measure has negative and no significance. In addition, [20] found a negative correlation between social responsibility rankings and stock market performance. Wood and

CSR and financial performance were also neutral, finding no relationship; [37] attempted to determine whether corporate social responsibility will affect corporate financial performance. The model in this study was based on CSR-Hub's ratings to find any relationship between three different financial measurements: return on assets (ROA), return on equity (ROE), and earnings per share (EPS) through the years 2012-2015. Again, the study shows no correlation between CSR and CFP.

[38] examined 33 listed companies in Turkey between 2012 and 2016 concerning CSR and financial performance, using ROA and ROE as independent variables and found no relationship between CSR and financial performance.

[17] studied the relationship between CSR and profitability on the listed firms in the Nigerian Stock Exchange using secondary data. A sample of ten (10) firms was randomly selected from 1999-to 2008. Ordinary least square was used to analyse collected data, and the result shows a negative relationship between CSR and profit after tax. The study also found that expenditure on corporate social responsibility(CSR) varies from one firm to another, and the firms invested less than 10% of their annual profit in CSR.

Based on the literature review, the relationship between CSR and financial performance could be either positive, negative, or neutral. To meet stakeholders' expectations, there is a need for every company to improve corporate social performance from time to time, and, at the same time, the economic/financial should also be improved according to the literature reviewed. However, the question regarding which one between corporate social performance and financial performance comes first has emerged. In addition, empirical literature shows that the effect of CSR on corporate performance is both positive and negative, with other studies not being conclusive. These studies will reinforce the accumulating body of empirical support for the positive impact of CSR on financial performance. In light of the various studies reviewed, the present study reveals that corporate social responsibility positively and significantly impacts corporate financial performance. Therefore, organisations should make provisions for the social development of the society in order to boost their image/reputation, thereby increasing their returns.

## 2.2. Theoretical Framework

The analysis of CSR is still embryonic; thus, theoretical frameworks will focus on the themes of CSR practices and the financial performance of manufacturing companies in this study. However, the study is anchored on the following theories associated with CSR

### 2.1.1. Stakeholders Theory

The theory was propagated by [39], which states that instead of starting with the business first and then looking for the ethical requirement, the stakeholders' theory will start looking at the world first before the business. According to the theory, it propagates that manufacturing and service companies should be socially responsible for all their stakeholders; failure to which can result in the stakeholders taking action and seeking to find the legitimate claims and rights against the company's actions.

A compelling argument behind the motivation of firms to invest in CSR programs comes from the domain of stakeholder theory [40]. Stakeholder theory suggests that organisational survival and success are contingent on satisfying both its economic (e.g., profit maximisation) and non-economic (e.g., corporate social performance) objectives by meeting the needs of the company's various stakeholders [41]. Early research in stakeholder management defines a stakeholder in an organisation as any group or individual who can affect or is affected by the achievement of the organisation's objectives [42]. Primary stakeholder groups consist of shareholders and investors, suppliers, employees, community, suppliers, public entities such as governments or other public organisations that set laws and govern economic, commerce and trade associations and environmental groups [43].

Stakeholders of manufacturing companies want to see the company participate in CSR programs, while shareholders of manufacturing companies would want the company to improve financially so that the CSR activities may continue to occur. Stakeholder theory implies that it can be beneficial for the manufacturing companies to engage in certain CSR activities that non-financial stakeholders perceive to be important because absent this, these groups might withdraw their support for the firm hence affecting the financial performance of the manufacturing companies [44].

Stakeholder's theory affirms that those lives that the corporations touch holds a right and obligation to participate in directing the company. A simple example by [42], when a factory produces industrial waste, a CSR perspective attaches a responsibility directly to factory owners to dispose of the waste safely. This theory also supports that companies be used to coordinate stakeholders' interests instead of maximising the shareholders' wealth.

### 2.1.2. Integrative Social Contract Theory

According to [45], integrative social contracts theory proposes that social contracts between companies in manufacturing and service industries and society exist. [26] further, put this theory forward and stated that companies in manufacturing and service industries should integrate social demands because the companies will depend on the existence of their society. Integrative social contracts theory is a new concept in business ethics, which political philosophers like Rawls and Donaldson heavily influenced. Integrative social contracts theory states that a micro-social contract can occur between members of specific communities, including companies, national economic organisations, and industries, in improving the social welfare of the communities. Social contacts between the business and the society will have a direct relationship, meaning that the more business becomes social, the more society gives back to the business [45]. This theory focuses on corporate social responsibility programs as a social contract of business in manufacturing industries and society. Therefore, the theory supports CSR programs as a tool that affects a firm's financial performance and ethical standards.

### 2.1.3. Slack Resources Theory

The theory suggests a positive relationship between CSR and financial performance, just like good management theory. However, the theory proposes a different temporal ordering, that CSR is directly associated with subsequent financial performance. High levels of CSR may provide the slack resources necessary to engage in corporate social responsibility and responsiveness [28]. CSR often represents an area of relatively high managerial discretion; the initiation or cancellation of voluntary social and environmental policies may largely depend on the availability of excess funds [46]. The theory implies bidirectional causality between corporate social performance and financial performance. Hence, CSR leads to high financial performance and also, high performance leads to more investment in CSR.

## 3. Data and Methodology

This study is quantitative, and as a result, the research philosophy guiding it was the positivism philosophical paradigm. A descriptive research design through a structured questionnaire was used to elicit information from the target population. The descriptive study was adopted to explain the cause and effect of more than one variable in the study. This research used primary and secondary data, and two hypotheses were formulated and tested.

The hypotheses are stated in null form and tested to achieve the stated objectives; Ho1: There is no significant relationship between CSR and net profit after tax (NPAT); Ho2: There is no significant relationship between CSR and revenue.

The primary source of data collection (questionnaire) was used to gather data on the CSR output of the selected firms. Thus, the staff of two firms, Frieslandcampina Wamco and Unilever Nigeria PLC, amongst other firms using the convenience sampling technique in the manufacturing sector, were considered the target population of this study from the fast-moving consumer goods (FMCG) industry of the manufacturing sector. The secondary data consists of data gathered from annual reports and accounts of the two selected firms. The data were sourced from annual reports and accounts of the firms under study from 2013 – to 2018, spanning five years. This secondary data was used to gather net profit after tax and revenue data, which was used as proxy for corporate financial performance.

## 3.1. Method of Data Analysis

The earlier research hypotheses would be tested using the ordinary least square technique to determine the statistical significance of the stated research objectives with EViews data software analytical tools. We reject the stated null hypotheses if the calculated is not significant at the 5% significance level.

A pilot study was carried out to test the instrument for the study. The pilot study revealed a Cronbach Alpha Coefficient of 0.891, $p < 0.5$. The result of the pilot study indicates that the instrument is reliable. As explained in Pallant (2001), when the Cronbach alpha coefficient value is above 0.7, the scale is reliable with the sample and has a reliable internal consistency. Table 1 below presents the result obtained from the Pilot study.

**Table 1. Cronbach Alpha Coefficient Showing the Reliability of the Research Instrument**

| Case Processing Summary | | | |
|---|---|---|---|
| | | N | % |
| Cases | Valid | 10 | 100.0 |
| | Excluded[a] | 0 | .0 |
| | Total | 10 | 100.0 |

a. Listwise deletion based on all variables in the procedure.

| Reliability Statistics | |
|---|---|
| Cronbach's Alpha | N of Items |
| .891 | 21 |

## 3.1. Method of Data Analysis

In order to achieve the objectives of this research, a model for the hypotheses is developed and specified as follows;

$$CSR = f\left(NPT, R\right) \qquad (1)$$

Where;
CSR = Corporate Social Responsibility
NPT = Net Profit after Tax
R = Revenue

Specifying it in econometric form, we have;

$$CSR = \alpha_0 + \alpha_1 NPT + \alpha_2 R + \mu_t \qquad (2)$$

Where;
CSR is the dependent variable and the independent variables are: EPS, R and NPT
$\alpha_0$ = Intercept
$\alpha_1$= Impact on Net Profit after Tax
$\alpha_2$ = Impact on Revenue
$\mu_t$ = Error (The error term takes care that has an impact on the independent variables).

The apriori signs of each of these variables are that it is expected that the various variables should be positive.

## 4. Results and Discussion

We examined the descriptive statistics, correlation matrix, regression analysis and graphical analysis on the effect of corporate social responsibility and corporate financial performance between Friesland Campina Wamco and Unilever Plc in the fast-moving consumer goods industry of the manufacturing sector.

From Table 2, the mean value of corporate social responsibility, earnings per share, net profit after tax and revenue by 2.166667, 1.106667, 4900541 and 71404752. Also, the standard deviation of corporate social responsibility, earning per share, net profit after tax and revenue are given by 1.169045, 0.622308, 3514468 and 16511169. The Jarque-Bera statistics show that the variables are normally distributed since the probability is greater than 0.05.

**Table 2. Descriptive Statistics**

| | CSR | NPAT | REV |
|---|---|---|---|
| Mean | 2.166667 | 4900541. | 71404752 |
| Median | 2.000000 | 3898157. | 64890590 |
| Maximum | 4.000000 | 10552140 | 92899969 |
| Minimum | 1.000000 | 1192366. | 55754309 |
| Std. Dev. | 1.169045 | 3514468. | 16511169 |
| Skewness | 0.487567 | 0.628732 | 0.490024 |
| Kurtosis | 1.989887 | 2.046749 | 1.463109 |
| Jarque-Bera | 0.492804 | 0.622476 | 0.830632 |
| Probability | 0.781608 | 0.732539 | 0.660132 |
| Sum | 13.00000 | 29403248 | 4.28E+08 |
| Sum Sq. Dev. | 6.833333 | 6.18E+13 | 1.36E+15 |
| Observations | 6 | 6 | 6 |

Source: EViews Computation, 2022.

From Table 3, there is a positive correlation between net profit after tax and revenue and corporate social responsibility.

**Table 3. Correlation Matrix**

| | CSR | NPAT | REV |
|---|---|---|---|
| CSR | 1 | 0.66824 | 0.62049 |
| NPAT | 0.66823 | 1 | 0.89598 |
| REV | 0.62049 | 0.89598 | 1 |

Source: EViews Computation, 2022.

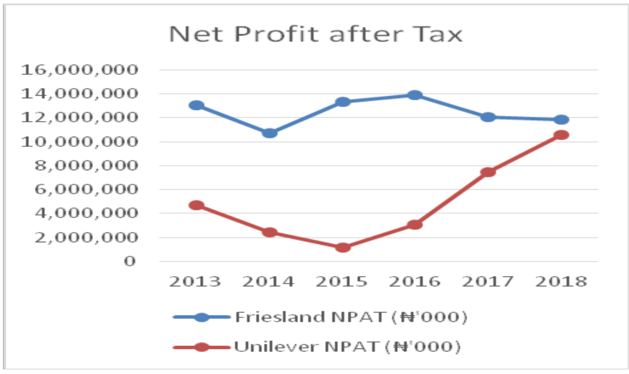


**Figure 1**. Comparative depiction of FrieslandCampina Wamco and Unilever NPAT

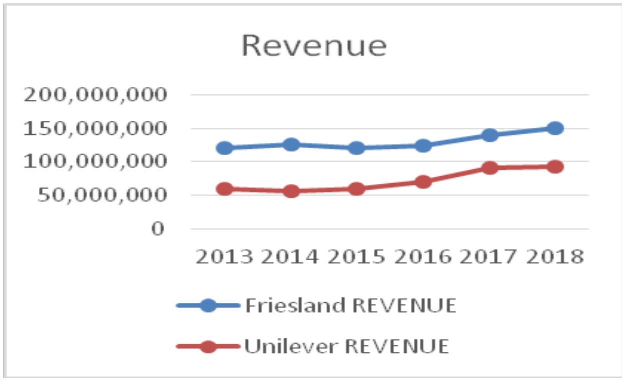


**Figure 2**. Comparative depiction of FrieslandCampina Wamco and Unilever Revenue

### 4.1. Results

This section shows the test of the formulated hypotheses. The hypotheses are restated in null form; Ho1: There is no significant relationship between CSR and net profit after tax; Ho2: There is no significant relationship between CSR and revenue.

Hypothesis Ho1 OLS result is presented in Table 4 below.

**Table 4. CSR and Net Profit after Tax OLS result**

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 9253161. | 2700846. | 3.426023 | 0.0266 |
| CSR | 2308901. | 1118256. | 2.064734 | 0.0468 |
| R-squared | 0.946540 | Mean dependent var | | 4900541. |
| Adjusted R-squared | 0.908175 | S.D. dependent var | | 3514468. |
| S.E. of regression | 2923194. | Akaike info criterion | | 32.87545 |
| Sum squared resid | 3.42E+13 | Schwarz criterion | | 32.80604 |
| Log likelihood | -96.62636 | Hannan-Quinn criter. | | 32.59759 |
| F-statistic | 32.27263 | Durbin-Watson stat | | 1.852576 |
| Prob (F-statistic) | 0.006842 | | | |

Source: EViews Computation, 2022.

Test for Hypothesis Ho1 in Table 4 shows no significant relationship between CSR and net profit after tax (NPAT). In Table 5, the coefficient of determination ($R^2$) shows that a 94.7% systematic variation in net profit after tax is explained by CSR, while the 5.3% unexplained variation is captured by the error term. A 90.8% value for the adjusted coefficient of determination shows that the model has a high predictive ability.

From the regression result below, it is observed that CSR is positively related to NPAT since a one-unit increase in CSR will lead to a 2308901unit increase in NPAT. It is also observed that corporate social responsibility is a significant determinant of the NPAT as the probability of t-statistics is less than 0.05.

The F-statistics of 32.27263 show that the model's overall significance is met since the p-value is less than 0.05.

Hypothesis Ho2 OLS result is presented in Table 5 below.

**Table 5. CSR and revenue OLS result**

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -8763509. | 5538005 | -1.582431 | 0.1887 |
| CSR | 90392354. | 13375554. | 6.758027 | 0.0025 |
| R-squared | 0.845002 | Mean dependent var | | 71404752 |
| Adjusted R-squared | 0.801253 | S.D. dependent var | | 16511169 |
| S.E. of regression | 14476703 | Akaike info criterion | | 36.07518 |
| Sum squared resid | 8.38E+14 | Schwarz criterion | | 36.00577 |
| Log likelihood | -106.2255 | Hannan-Quinn criter. | | 35.79731 |
| F-statistic | 11.54086 | Durbin-Watson stat | | 1.806957 |
| Prob (F-statistic) | 0.048716 | | | |

Source: EViews Computation, 2022.

The coefficient of determination ($R^2$) shows that an 84.5% systematic variation in revenue is explained by CSR, while the 15.5% unexplained variation is captured by the error term. An 80.1% value for the adjusted coefficient of determination shows that the model has a high predictive ability.

The regression result below shows that CSR is positively related to revenue since a one-unit increase in CSR will lead to a 90392354unit increase in revenue. It is also observed that corporate social responsibility is a significant determinant of the revenue as the probability of t-statistics is less than 0.05.

The F-statistics of 11.54086 show that the overall significance of the model is met since the p-value is less than 0.05.

### 4.3. Discussion

This research examines the effect of corporate social responsibility on corporate financial performance from a competitive perspective in Nigeria's two fast-moving consumer goods industries from the manufacturing sector. The study's objective was to determine if there is any significant relationship between CSR and net profit after tax; to establish if there is a significant relationship between CSR and earnings per share; to examine if the choice of CSR a company makes has an impact on organisations revenue. The following findings of the research are discussed below:

Ho1: CSR has a significant positive relationship with net profit after tax (NPAT).

The finding is in tandem with that of [16] and supports the arguments that CSR spending, in the long run, provides a better return on the next marginal naira after tax. The correlation result also reveals a positive relationship.

Ho2: CSR has a positive and significant relationship with revenue.

The finding from the research shows that corporate social responsibility is positively significant in determining revenue. This negates the findings of [19], who observed that the overall CSR measure has a significant but negative effect on stock returns..

## 5. Conclusion

The study examines the effect of corporate social responsibility on corporate financial performance from a competitive perspective in some selected firms in Nigeria. The findings show that corporate social responsibility significantly impacts corporate financial performance measured by earnings per share, revenue, and net profit after tax. Moreover, corporations are generally encouraged to adopt CSR because of its perceived benefits to macro and micro performances. Macro performance includes environmental improvement and reduction in social inequality. Micro-performance includes reputation enhancement, the potential to charge a premium price for products, and the enhanced ability to recruit and retain high-quality workers.

Based on the study's objectives, the following recommendations are postulated:

It is recommended that manufacturing firms in Nigeria increase their investments in CSR as this would enhance their turnover in profit before tax.

In addition, manufacturing companies should ensure that CSR is encouraged to improve the companies' corporate image and reputation, which can invariably boost revenue and earnings for the firm.

## Acknowledgements

Authors’ gratitude is extended to the prospective editor(s) and reviewers that will/have spared time to guide toward a successful publication.

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