Transcending the Traditional Profit-Centric Approach to Socially Responsible Paradigm - Effect on Firm Profit of Listed Consumer Goods Firms in Nigeria

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Abstract
This study examined whether transcending the traditional profit-centric approach to socially responsible paradigm would affect firm profit of listed consumer goods firms in Nigeria. The specific objective of the study was to assess the influence of involvement in social responsibility practices on the earnings per share of firms. Ex-post facto research design was adopted in the study. The population was made up of twenty-one listed consumer goods firms from which a sample size of sixteen was purposively obtained. The period covered in this work was a ten-year period that spanned 2013 to 2022. Ordinary least square regression was applied in testing the study's hypothesis. It was found that transcending the traditional profit-centric approach to socially responsible paradigm significantly enhances firm profit of listed consumer goods firms in Nigeria (p-value = 0.0044). We therefore recommend that companies should strategically integrate and prioritise social responsibility initiatives within their business models by incorporating ethical, environmental, and social considerations into their decision-making processes and operational activities.

Keywords*: Firm Profit, Social Responsibility Paradigm, Earnings Per Share, Corporate Donations*

1.1 Introduction

In recent times, the discourse surrounding social responsibility of firms and sustainable development has garnered widespread attention on a global scale, drawing significant interest from both the media and academic circles (Itoya, Owuze, Akhator & Igbokwe, 2022). The conventional expectations of modern businesses extend beyond the mere pursuit of profit maximization (Rasheed, Malik, Haider & Shakeel, 2023). Instead, the contemporary understanding underscores the importance of businesses engaging in socially responsible actions, recognizing their embeddedness within broader societal contexts (Olorunnisola & Usman, 2023; Emeka-Nwokeji, 2019). Business entities are increasingly perceived as integral contributors to societal advancement, necessitating their active participation in the progress of the communities they operate within (Mohammed, Saheed & Oladele, 2016; Ezeagba, 2015). In Nigeria, many firms are now allocating some resources to support social responsibility initiatives for sustainable development, as evident in their annual reports (Mugambi & Olanrewaju, 2019). These firms conscientiously align their efforts with the needs of charitable organizations, government entities, religious institutions, and educational establishments

(Madugba & Okafor, 2016). The transformation of business roles within developing nations transcends the traditional profit-centric approach to encompass a socially responsible paradigm (Kurniawan & Wibowo, 2017). Businesses now embrace a dual responsibility—to shareholders and to society at large—by generating wealth, employment, and other opportunities that benefit communities (Olaitan, Azeez & Adeniran, 2020).

According to Okegbe and Egbunike (2016), social responsibility of a firm refers to the ethical framework and business strategy that compels organizations to take responsibility for their impacts on society and the environment. It involves a spectrum of initiatives, ranging from philanthropy and community development to environmental stewardship and ethical labor practices (Nnenna & Carol, 2016; Jayasinghe, 2020). Against the backdrop of mounting environmental challenges (Nworie, Obi, Anaike & Uchechukwu-Obi, 2022), growing social inequities (Meshack, Nworie & Orji, 2022), and a demand for ethical business conduct, CSR has become an integral aspect of modern corporate governance (Mwenda, 2023). Of note, the relationship between a company's Corporate Social Responsibility (CSR) practices or more recently, its corporate social responsiveness, and its financial performance has ignited intense debates since the 1960s. This discourse was notably catalyzed by Friedman's (1970) influential article advocating for businesses to primarily prioritize profit. Diverse theories have sought to explain the impetus behind social responsibility, and it is often associated with the "triple bottom-line" approach encapsulating the three-pronged evaluation of success: People, Planet, and Profit. This comprehensive model acknowledges a broader spectrum of values and criteria for gauging organizational excellence, spanning economic, environmental, and social dimensions (Amahalu & Okudo, 2023). This is because companies do not function in isolation but within a larger macroeconomic ecosystem comprised of various components that are influenced by their activities (Ibrahim & Hamid, 2019). It is incumbent upon companies to acknowledge and address the social and environmental challenges facing the communities in which they operate. Astute managers comprehend that their long-term success depends on nurturing positive relationships with a diverse array of individuals, groups, communities, and institutions (Itoya et al., 2022). Evidently, businesses cannot thrive within societies plagued by turmoil, encompassing concerns like insurgency, kidnapping, youth unrest, and governance issues. Operating as integral parts of broader societies, businesses possess a responsibility that extends beyond mere profit optimization.

In Nigeria, the concept of Social Responsibility is gaining traction within both organizational and societal spheres (Umoren, Isiavwe-Ogbari & Morenike, 2016). It signifies a company's endeavors to generate a lasting positive impact on society, which reciprocally holds the potential to engender beneficial outcomes for engaging businesses (Olorunnisola & Usman, 2023). This emphasis on social responsibility stems from a realization of the necessity for companies to balance societal responsibility objectives alongside the pursuit of profit maximization and corporate value (Amahalu & Okudo, 2023). Nonetheless, a significant portion of the consumer goods firms' expenditure predominantly pertains to donations and philanthropic endeavors. Amidst the backdrop of substantial annual CSR expenditures, there's a prevailing notion that engaging in corporate social responsibility (CSR) initiatives could potentially augment a company's profitability (Masum, Uddin, Ahmed & Uddin, 2019). Although a prevailing belief among executives is that CSR has the capacity to enhance profits, their understanding revolves around the notion that CSR can boost the company's reputation within the marketplace (Hazaima, Low & Allen, 2017; Niresh & Silva, 2018). This, in turn, may lead to amplified sales, foster stronger employee loyalty, and attract higher-caliber personnel to the organization. This background above informed the need for the present study to examine the effect of social responsibility on the firm profitability of listed consumer goods firms in Nigeria.

Socially responsible firms address social and environmental challenges while maintaining financial viability; these firms set a precedent for responsible and sustainable business practices (Oyewumi, Ogunmeru & Oboh, 2018; Ajide & Aderemi, 2014). This ideal synergy not only enhances the firms' reputations as ethical market players but also positions them to contribute meaningfully to societal well-being while augmenting their long-term financial performance (Niresh & Silva, 2018). This is because firms that successfully intertwine CSR with their strategic objectives can potentially cultivate stronger stakeholder relationships, fostering loyalty among customers, employees, and investors.

However, the extent to which some firms have integrated CSR practices into their operational frameworks varies significantly as some firms exhibit a very low commitment to CSR, embracing initiatives that span from community development and employee welfare to environmental conservation and ethical governance (Mbonu & Amahalu, 2022). Those firms that exhibit a more limited engagement with CSR often relegate it to superficial and symbolic gestures (Fahad & Busru, 2021) and therefore fail to fully harness the potential benefits of CSR on corporate profitability (Alam & Tariq, 2022).

As a result, consumer goods firms that neglect CSR integration may encounter reputational risks, eroding public trust and undermining their market position (Mwenda, 2023). Moreover, the misalignment between CSR efforts and profitability potential could restrict firms' access to an expanding market for socially conscious investments, limiting growth opportunities. Ultimately, the disparity in the level of commitment to CSR may perpetuate societal inequalities and impede the firms from realizing their full potential as agents of both economic prosperity and social progress. It is in an attempt to addressing the above problem that the present study is being carried out. Therefore, this study examines whether transcending the traditional profit-centric approach to socially responsible paradigm will significantly affect firm profit of listed consumer goods firms in Nigeria.

2.0 Literature Review

2.1 Conceptual Issues

The notion of corporate social responsibility (CSR) involves a voluntary dedication from businesses to contribute to societal improvement and environmental preservation (Oyewumi, Ogunmeru & Oboh, 2018). This dedication encompasses the integration of social and environmental considerations into business models, activities, and interactions with stakeholders, aiming to generate a positive impact on society and the environment (Onifade, Oviebo & Elufisan, 2022). CSR entails a company aligning its policies, decisions, and actions with societal objectives and values, reflecting ethical duties. It addresses various societal expectations, including economic, ethical, legal, and discretionary aspects (Mohammed, Saheed & Oladele, 2016). Companies engage in CSR to sustainably contribute to economic development, uphold ethical standards, and enhance the well-being of employees, their families, and the broader community (Okike, Ekoja & Nyahas, 2023). CSR involves a range of voluntary programs, practices, and policies integrated into business operations and decision-making processes, demonstrating a commitment to the importance of the host community (Amahalu, 2017; Kakakhel, Ilyas, Iqbal & Afeef, 2015).

Corporate Social Responsibility (CSR) expenditure denotes the financial outlay a company incurs when actively participating in socially responsible initiatives to fulfill both legal requirements and financial commitments, with the goal of promoting the growth and advancement of the local environment (Senyigit & Shuaibu, 2017; Oladele & Mokuolu, 2020). CSR is a practice oriented towards achieving business success while upholding ethical principles and exhibiting respect for individuals, communities, and the natural environment. Rooted in the ethical principle that an organization has a duty to conduct its business in a manner that benefits society, CSR recognizes the need to strike a balance between economic progress and the well-being of ecosystems and communities. Essentially, CSR functions as a mechanism to sustain this equilibrium between material economic development and the welfare of the environment and society (Gololo, 2016).

2.2 Development of Hypothesis

Through the instrumentality of social responsibleness, firms align themselves with ethical standards, operate transparently, and adhere to the specified legal obligations within the communities where they operate (Adesunloro, Udeh & Abiahu, 2019). CSR encompasses legal, moral, economic, and philanthropic actions taken by a company that impact the well-being of its stakeholders. Essentially, CSR entails the company's capacity to manage its business activities in a manner that generates an overall positive impact on the society within its operational domain (Odetayo, Adeyemi & Sajuyigbe, 2014), in line with the postulation of legitimacy theory. It also involves integrating environmental, economic, and social considerations into a company's organizational culture, strategy, values, decision-making processes, and operations with transparency and accountability. It urges businesses to go beyond profit maximization and consider environmental protection and societal well-being through socially responsible initiatives addressing various challenges (Okike, Ekoja & Nyahas, 2023). In today's changing business setting, companies embracing CSR consistently reap positive outcomes, such as an enhanced reputation, increased sales, greater customer loyalty, a competitive edge, strengthened relationships, and a broader market share. The evolution of the corporate social responsibility concept has shifted corporate philosophy from solely pursuing profit to actively addressing social issues affecting local communities and the environment (Duke & Kankpang, 2013).

Proponents of CSR argue that robust CSR practices yield numerous advantages, including increased customer loyalty, an enhanced public image, improved access to financial resources, a strengthened brand name, increased trust and confidence from stakeholders, a motivated workforce, and a safer and healthier workplace, among other benefits (Senyigit & Shuaibu, 2017). Consequently, companies prioritizing CSR tend to experience superior long-term corporate performance, largely due to the support, goodwill, and a peaceful operating environment that such practices foster (Ekundayo, Echobu & Ujah, 2020; Taiwo & Adeniran, 2014). This positive relationship between social responsibility implementation and firm profit is also supported by stakeholders theory of sustainability disclosure and a number of empirical studies reviewed below.

Amahalu and Okudo (2023) conducted a study to evaluate the influence of Corporate Social Responsibility (CSR) on the financial performance of quoted oil and gas firms in Nigeria spanning the years 2009-2021. The research specifically investigated the impact of donations on the Net Profit Margin, Return on Assets, and Return on Equity of these firms. Utilizing an ex-post facto research design, the study focused on a sample size of seven quoted oil and gas firms in Nigeria. The analysis, carried out through Pearson Coefficient Correlation and simple linear regression using E-View 9.0, revealed a significant positive relationship between donations and Net Profit Margin, Return on Assets, and Return on Equity at a 5% level of significance. The findings suggest that the implementation of CSR initiatives contributes to maximizing future returns for oil and gas firms in Nigeria.

Olorunnisola and Usman (2023) explored the impact of the corporate social responsibility disclosure index on the performance of selected sectoral industries in Nigeria, along with investigating its effect on the market value of these industries. Employing a multi-stage sampling approach and a quantitative method with a deductive technique, the study utilized descriptive statistics, correlation regression panel, and cross-sectional analysis. The results indicated a negative relationship between CSR and Return on Assets (ROA) and Tobin Q, suggesting that CSR practices have a potentially adverse effect on the financial performance and market value of the selected sectoral industries in Nigeria.

Mwenda (2023) investigated the relationship between CSR disclosure and the profitability of firms listed on the Dar es Salaam Stock Exchange (DSE). Employing mixed methods with an explanatory sequential design, the study covered 21 publicly traded firms from 2006 to 2021. Data from DSE and annual reports were analyzed using the Random Effect model, and interviews provided qualitative insights. The analysis revealed a significant positive effect of CSR disclosure on firm profitability, measured by Return on Assets (ROA) and Return on Equity (ROE). The findings underscored the importance of CSR disclosure in enhancing the image, business, public trust, and sales of a firm. The study highlighted the symbiotic relationship between the community and the firm, emphasizing the benefits of CSR disclosure in fostering strong community-business connections.

Rasheed, Malik, Haider, and Shakeel (2023) examined the impact of CSR Disclosure (CSRD) on a Firm’s Performance (FP), incorporating three different proxies to measure FP: operational, financial, and market performance. The empirical results indicated a positive and significant impact of CSRD on a firm’s operational and financial performance, though the impact on market performance was deemed insignificant. The study concluded that firms practicing CSR disclosure tend to exhibit better operational and financial performance, showcasing the multifaceted nature of CSR's influence on different aspects of a firm's overall performance.

Alam and Tariq (2022) analyzed the impact of corporate social responsibility (CSR) on the financial performance of firms in Pakistan. The research utilized a dataset comprising 760 firm-year observations from 76 firms listed on the Pakistan Stock Exchange over a 10-year period (2011-2020). Purposive sampling was employed for the study, and the generalized method of moments (GMM) confirmed a positive and significant relationship between CSR and accounting-based financial performance, measured through return on assets. Additionally, CSR initiatives of the firms were found to be significantly related to market-based financial performance, as indicated by Tobin’s Q, suggesting a positive market reaction to CSR disclosure levels.

Itoya, Owuze, Akhator, and Igbokwe (2022) explored the influence of corporate social responsibility on the financial performance of banks in Nigeria. Using earning per share, gross earnings, and profit after tax as financial performance measures, the study employed an ex-post-facto design. Pearson correlation and simple regression analysis, facilitated by SPSS version 20.0 and E-View 8.0 software packages, revealed that while the relationship between CSR and earning per share was positive but insignificant, it exhibited strong, positive, and significant relationships with gross earnings and profit after tax. Corporate social responsibility expenditure was also found to have a significant effect on gross earnings and profit after tax for banks in Nigeria.

Van Nguyen, Bui, and Le (2022) investigated the relationship between corporate social responsibility (CSR) and corporate financial performance (CFP) in Vietnamese commercial banks. Using a multi-method approach to measure CSR and employing net interest margin (NIM), return on assets (ROA), and return on equity (ROE) as indicators of financial performance, the study utilized a sample from 2012 to 2019. The results, derived from dynamic panel models with the two-step system generalized method of moments (GMM) estimator, indicated a positive effect of both corporate social responsibility expenditure (CSRE) and corporate social responsibility disclosure (CSRD) on the financial performance of the banks.

Mbonu and Amahalu (2022) sought to determine the impact of Corporate Social Responsibility Costs on the financial performance of Deposit Money Banks listed on the Nigeria Stock Exchange over the period 2011-2020. Using a purposive sample of thirteen Deposit Money Banks, the study employed proxies such as Corporate Donations, Occupational Health and Safety Cost, Training Cost, and Remediation Cost, with Return on Assets as the financial performance index. Employing an ex-post-facto research design and Pearson Correlation Coefficient, along with Panel Least Square (PLS) Regression analysis via STATA 13 statistical software, the study found that Corporate Donations, Occupational Health and Safety Cost, Training Cost, and Remediation Cost had a significant positive effect on Return on Assets at a 5% level of significance.

Fahad and Busru (2021) explored the impact of corporate social responsibility (CSR) disclosure on firm performance, encompassing both profitability and firm value in the emerging market of India. Using panel regressions, the study focused on a final sample of 386 companies listed in the BSE 500 index, covering a decade from 2007 to 2016. The results indicated a discernible trend toward a negative effect of CSR disclosure on both firm profitability and firm value in India.

Jayasinghe (2020) investigated the influence of corporate social responsibility (CSR) toward primary stakeholders on the financial performance (FP) of listed manufacturing companies (LMC) in the Colombo Stock Exchange (CSE) in Sri Lanka. Utilizing data from annual reports of thirty listed manufacturing firms over a five-year period, the study employed Return on Capital Employed (ROCE) as the measure for financial performance. Content analytical techniques were applied to develop content indexes on stakeholders. The regression analysis revealed a statistically significant positive association between CSR indexes on stakeholders and financial performance. The study concluded that higher social responsiveness of listed manufacturing firms in Sri Lanka corresponded with higher financial performance compared to less socially responsive firms.

Olaitan, Azeez, and Adeniran (2020) examined the impact of Corporate Social Responsibility (CSR) on the financial performance of listed manufacturing companies in Nigeria, using proxies such as Profit Before Tax and Turnover. Employing an ex-post facto research design, the study focused on a sample size of five listed manufacturing companies over a 17-year period (2002–2018). The results showed a positive and significant relationship between CSR and Profit Before Tax, as well as a positive and significant relationship between CSR and Turnover. The study concluded that CSR had a significant impact on both Profit Before Tax (PBT) and Turnover of listed manufacturing companies in Nigeria during the period under review.

Emeka-Nwokeji (2019) examined the effect of corporate social responsibility disclosures on the market value of non-financial firms in Nigeria. Using both quantitative and qualitative social responsibility disclosures as explanatory variables, Tobins Q was employed as a proxy for firm performance. Data extracted from annual reports of 93 out of 122 non-financial firms listed on the Nigerian Stock Exchange from 2006 to 2015 revealed that social donation and investment in human capacity building positively and significantly affected firm performance. However, employee health safety and welfare disclosures had a positive but insignificant effect, while charitable/philanthropic gifts and job creation showed negative and insignificant effects on firm performance.

Ibrahim and Hamid (2019) investigated the influence of corporate social responsibility (CSR) on the financial performance of listed non-financial services companies in Nigeria. Employing an ex-post facto research design, the study utilized secondary data collected from the annual reports and accounts of twenty-three sampled listed non-financial services companies in Nigeria over a 10-year period (2008-2017). The sample was determined through census sampling, incorporating all elements of the population. The analysis involved descriptive statistics, correlation, and regression analysis (GLS Fixed Effect) using Stata Version 14.0. Robustness tests, including multicollinearity, heteroscedasticity, normality of residuals, Hausman specification, and F-Test, were conducted to validate the results. The findings revealed a significant positive impact of CSR on financial performance, leading to the conclusion that engaging in socially responsible investments can enhance the financial performance of listed companies in Nigeria.

Masum, Uddin, Ahmed, and Uddin (2019) examined the potential effect of Corporate Social Responsibility Disclosures (CSRD) on corporate performances based on five key dimensions of CSR among public listed companies in Bangladesh. The study considered Return on Equity (ROE) and leverage ratio as proxies for corporate performance and five dimensions of CSR practices, including environment, employee, social and community services, product, and customer, as proxies for CSRD. Using a three-scale content analysis with fifty-seven items to determine CSRD practices, the study scrutinized a sample of 196 Dhaka Stock Exchange (DSE) listed companies from seventeen industries. The findings indicated a significant relationship between the proxy variables of corporate performances and key dimensions of CSR practices. The study highlighted that listed companies disclosed more information related to employee-related CSRD and less information on environment-related CSRD. Among the five proxy variables of CSRD, employee-related CSRD and environment-related CSRD were found to have a positive impact on corporate performance.

Oyewumi, Ogunmeru, and Oboh (2018) utilized a panel dataset from banks in Nigeria to examine the effects of corporate social responsibility (CSR) investment and disclosure on corporate financial performance. The results, obtained from the Wallace and Hussain estimator of component variances (a two-way random and fixed effects panel), suggested that CSR investment without due disclosure would have little or no contribution to corporate financial performance.

Hazaima, Low, and Allen (2017) explored the impact of corporate social responsibility (CSR) disclosure on the financial performance of industrial companies operating in Jordan. Employing a quantitative methodological approach, the study tested three developed hypotheses using statistical analysis techniques. Content analysis was utilized to extract data about the independent variable (CSR disclosures), and the dependent variable was the average share price of companies in the sample. The study included 65 out of 67 industrial companies listed in the Amman Stock Exchange (ASE). The findings revealed a negative correlation between CSR disclosures and the financial performance of industrial companies in Jordan.

Kurniawan and Wibowo (2017) investigated the potential systematic relationship between corporate social responsibility (CSR) and corporate financial performance (CFP) using a sample of 16 companies consistently listed in the SRI KEHATI Index from 2010 to 2014. Employing a purposive sampling method, the research utilized regression and descriptive analyses. CSR was quantified through the Corporate Social Responsibility Disclosure Index (CSRDI), while CFP was assessed using financial ratios such as return on assets (ROA), return on equity (ROE), and price-to-book value (PBV). The findings indicated a positive influence of CSR on financial performance, as measured by robust results across different variables.

Madugba and Okafor (2016) explored the impact of CSR on Earnings Per Share (EPS), Return On Capital Employed (ROCE), and Dividend Per Share (DPS) of listed banks in Nigeria over the period 2010-2014. The study employed simple regression analysis, revealing a negative and significant relationship between EPS and DPS with CSR, while ROCE exhibited a positive and significant relationship with CSR.

Mohammed, Saheed, and Oladele (2016) evaluated the impact of corporate social responsibility disclosure (CSRD) on the financial performance of listed manufacturing firms in Nigeria. Specifically, the study examined the influence of four CSRD dimensions (human resources, environment, community, and product) on Earnings per Share (EPS) using a sample of ten manufacturing firms randomly selected from seven subsectors of the Nigerian manufacturing industry. Multiple regression analysis revealed an overall significant positive association between CSRD and EPS, with all four CSRD dimensions showing significant positive effects on EPS. The study recommended that management of listed manufacturing firms in Nigeria should view CSR and CSRD as investments rather than liabilities.

Nnenna and Carol (2016) investigated the impact of corporate social responsibility on the profitability of Nigerian manufacturing firms for the period 2004 to 2013. The results demonstrated a positive and significant impact of CSR on the net profit of manufacturing firms in Nigeria. The implication is that companies contributing to the social well-being of their local communities positively affect their return in terms of profit. This result aligns with the growing body of empirical evidence supporting the positive impact of CSR on financial performance.

Okegbe and Egbunike (2016) conducted an examination of the relationship between corporate social responsibility (CSR) and the financial performance of quoted companies in Nigeria. Recognizing the imperative for an in-depth study into the quality and extent of CSR disclosure, especially in developing countries like Nigeria where CSR practices are limited, the research aimed to identify areas for future improvement to ensure transparency. Formulating five research hypotheses, the study utilized an ex-post facto research design with a sample comprising thirty companies quoted in various sectors of the Nigerian stock exchange. Multiple regression analysis, facilitated by SPSS version 22, was employed for data analysis. The findings revealed a positive relationship between corporate social responsibility disclosure and return on assets in Nigerian quoted companies.

Ezeagba (2015) investigated the effect of Corporate Social Responsibility (CSR) on the financial performance of quoted firms in the consumer goods sector in Nigeria. The population consisted of twenty-eight quoted firms in the consumer goods sector of the Nigeria stock exchange market, from which fifteen firms with up-to-date financial information were selected and analyzed. Data extracted from corporate annual reports and accounts were used for the period 2012-2015, with CSR proxy measured by environmental expenditures. Financial performance was assessed using return on assets (ROA), return on shareholders' fund (ROSF), and return on capital employed (ROCE). Simple regression techniques were employed for testing the research hypotheses, revealing that CSR has a significant effect on return on shareholders' funds and return on capital employed of quoted firms. Additionally, CSR showed a positive relationship but insignificant impact on return on assets.

Ajide and Aderemi (2014) examined the effects of corporate social responsibility activity (CSR) disclosure on bank profitability in Nigeria, utilizing data sourced from the annual report and accounts of twelve sampled commercial banks for the year 2012. Independent variables included CSR disclosure scores, banks' size, and owners' equity, while the dependent variable was bank profitability, proxied by returns on equity (ROE). The analysis, employing multiple regression analysis of Ordinary Least Square (OLS), revealed a positive relationship between banks' size and CSR disclosure scores with bank profitability.

2.3 Summary of Empirical Review

The extensive empirical evidence presented in the reviewed studies consistently supports the argument that firms' involvement in Corporate Social Responsibility is positively associated with improved financial performance. A recurring theme in the research findings is the significant and positive relationship between CSR initiatives and various financial performance indicators, such as Net Profit Margin, Return on Assets, Return on Equity, Earnings Per Share, and overall profitability. The studies encompass diverse industries, including oil and gas, manufacturing, banking, and others, and involve multiple countries like Nigeria, Pakistan, Bangladesh, Jordan, Vietnam, and Sri Lanka.

Several studies, including those by Amahalu and Okudo (2023), Mwenda (2023), and Alam and Tariq (2022), consistently demonstrate that CSR activities contribute to enhanced financial outcomes, such as increased profitability, market value, and shareholder returns. The positive impact of CSR on financial performance is further reinforced by the research of Itoya, Owuze, Akhator, and Igbokwe (2022), which specifically focuses on the banking sector in Nigeria, revealing significant positive relationships between CSR and gross earnings, profit after tax, and overall financial performance.

Moreover, the studies conducted by Oyewumi, Ogunmeru, and Oboh (2018) in Nigeria and Van Nguyen, Bui, and Le (2022) in Vietnam emphasize the positive influence of CSR expenditure and disclosure on financial performance, underscoring the importance of transparency and the active engagement of companies in social responsibility initiatives. This aligns with the argument that CSR not only improves financial metrics but also fosters trust, goodwill, and positive market reactions.

The research findings also consider the impact of CSR on different dimensions of financial performance, including operational, financial, and market performance, as shown in the study by Rasheed, Malik, Haider, and Shakeel (2023). These dimensions collectively contribute to an overall improvement in a firm's economic viability, stability, and competitiveness. In conclusion, the empirical evidence from the reviewed studies collectively supports the argument that firms' engagement in Corporate Social Responsibility positively influences their financial performance. Whether in terms of increased profitability, market value, or other financial indicators, the consistent findings across diverse industries and geographical locations provide a robust foundation for asserting that firms' commitment to CSR is not only a socially responsible practice but also a strategic approach that contributes significantly to their bottom line. We therefore hypothesise that:

Transcending the traditional profit-centric approach to socially responsible paradigm enhances the firm profit of listed consumer goods firms in Nigeria.

3.0 Methodology

The present study utilized an *ex-post facto* research design to examine whether transcending the traditional profit-centric approach to socially responsible paradigm will significantly affect firm profit of listed consumer goods firms in Nigeria. This design was chosen to allow for the analysis of historical data and identifying patterns that may have influenced the outcomes observed. In the context of the study, ex-post facto research is particularly suitable for investigating how past CSR activities have contributed to or affected the financial performance of listed consumer goods firms. The study's population encompassed the entirety of 21 listed consumer goods manufacturing firms in Nigeria as shown in Table 3.1 provided below.

Table 3.1 Population of the Study

	Population
1.	Bua Foods Plc
2.	Cadbury Nigeria Plc.
3.	Champion Brew. Plc.
4.	Dangote Sugar Refinery Plc
5.	Dn Tyre & Rubber Plc
6.	Flour Mills Nig. Plc.
7.	Golden Guinea Brew. Plc.
8.	Guinness Nig Plc
9.	Honeywell Flour Mill Plc
10.	International Breweries Plc.

11. Mcnichols Plc
12. Multi-Trex Integrated Foods Plc
13. N Nig. Flour Mills Plc.
14. Nascon Allied Industries Plc
15. Nestle Nigeria Plc.
16. Nigerian Brew. Plc.
17. Nigerian Enamelware Plc.
18. P Z Cussons Nigeria Plc.
19. Unilever Nigeria Plc.
20. Union Dicon Salt Plc.
21. Vitafoam Nig Plc.

Source: Nigerian Exchange Group (2024)

The study's sample size of sixteen companies was chosen using a purposive sampling technique applied on the basis of availability of annual reports. The sample size is shown in Table 3.2 below.

Table 3.2 Sample Size

	Firms
1.	Cadbury Nigeria Plc.
2.	Champion Brewery Nig. Plc.
3.	Dangote Sugar Refinery Plc.
4.	Flour Mills Nig. Plc.
5.	Guinness Nig. Plc
6.	Honeywell Flour Mill Plc.
7.	International Breweries Plc.
8.	Northern Nig. Flour Mills Plc
9.	Nascon Allied Industries Plc.
10.	Nestle Nigeria Plc
11.	Nigerian Breweries Plc
12.	Nigerian Enamelware Plc
13.	PZ Cussons Nigeria Plc.
14.	Unilever Nigeria Plc.
15.	Union Dicon Salt
16.	Vitafoam Nigeria Plc.

Source: Researcher’s Compilation (2024)

The primary instruments for data collection in the study were the audited annual financial statements of the selected firms. The secondary data collected covered a decade, from 2013 to 2022. Data on firm profit were earnings per share while data for social responsibility paradigm were natural log of expenditure in corporate donations. The linear regression model used in assessing the relationship between the two variables above is expressed beloe:

$FP_{it} = a_{it} + b_1(SRP)_{it} + e_{it}$…………………………eqn 1

Where,

EPS = Firm profit measured as earnings per share

SRP = Social responsibility paradigm measured as natural log of corporate donations

e = error term

i = the firm in question

t = the time in question

b_1 = regression coefficient

a_0 = constant

The study employed descriptive analysis to assess the characteristics of the observations in the distribution. Ordinary Least Square analysis was utilized to test the study hypotheses at a significance level of 5%. The acceptance of the null hypothesis (H0) was contingent upon the p-value being equal to or greater than the chosen level of significance (5% or 0.05). Conversely, if the p-value was less than the level of significance, the null hypothesis was rejected in favour of the alternative hypothesis.

4.0 Results and Discussion

4.1 Descriptive Analysis

Table 4.1 Descriptive Analysis

	EPS	DON	SRP
Mean	3.557560	1238386.	3.376932
Median	0.700579	10574.50	4.024112
Maximum	61.77394	1.83E+08	8.263499
Minimum	-5.742748	0.000000	0.000000
Std. Dev.	10.69982	14498627	2.000606
Skewness	4.053574	12.52092	-0.728474
Kurtosis	19.07415	157.8506	2.367132
Jarque-Bera	2160.694	164038.6	16.82147
Probability	0.000000	0.000000	0.000222
Sum	569.2095	1.98E+08	540.3091
Sum Sq. Dev.	18203.28	3.34E+16	636.3855
Observations	160	160	160

Source: Eviews 12 Analysis Output (2024)

The earnings per share (EPS) variable exhibits a mean value of 3.56, indicating the average level of earnings per share across the selected consumer goods firms in Nigeria. The maximum value of 61.77 and the minimum value of -5.74 illustrate the wide range of EPS values, suggesting substantial variability in the profitability of these firms. The standard deviation of 10.70 reinforces the dispersion in EPS values, highlighting the degree of volatility in the firms' profitability. The positive skewness of 4.05 suggests that the distribution of EPS is skewed to the right, indicating the presence of extreme positive values. The high kurtosis of 19.07

indicates a leptokurtic distribution, implying heavy-tailedness and a greater likelihood of extreme values in the distribution. The probability of Jarque-Bera is significant at 0.000, indicating non-normality and departure from the assumption of normal distribution for EPS.

Corporate donations (DON) have the mean value of 1,238,386. The maximum value of 1.83E+08 and the minimum value of 0 highlight the substantial variability in donation amounts, reflecting diverse levels of commitment to social responsibility practices among the firms. The standard deviation of 14,498,627 underscores the considerable dispersion in donation values, indicating significant variation in the extent of social responsibility involvement. The positive skewness of 12.52 suggests that the distribution of donations is heavily skewed to the right, indicating the presence of a few firms making exceptionally large donations. The high kurtosis of 157.85 indicates a highly leptokurtic distribution, reflecting the heavy-tailed nature and the likelihood of extreme values in the donation distribution. The probability of Jarque-Bera is statistically significant at 0.000, confirming the non-normality of the distribution for corporate donations.

Social responsibility paradigm (SRP), with a mean value of 3.38, the average level of the natural log of corporate donations across the listed consumer goods firms is revealed. The maximum value of 8.26 and the minimum value of 0 indicate substantial variability in the firms' engagement in social responsibility practices. The standard deviation of 2.00 emphasizes the dispersion in SRP values, showcasing the diverse levels of involvement in social responsibility among the firms. The negative skewness of -0.73 suggests a slight leftward skew, implying a few firms with lower SRP values. The kurtosis of 2.37 indicates a mesokurtic distribution, suggesting a moderate likelihood of extreme values in the SRP distribution. The probability of Jarque-Bera is statistically significant at 0.000222, reinforcing the non-normality of the distribution for the social responsibility paradigm.

4.2 Hypothesis Testing

The null hypothesis of the study was tested using the estimates from the ordinary least square regression conducted as shown in Table 4.2 below.

Table 4.2 Regression Analysis for Hypothesis Testing

Dependent Variable: EPS
Method: Least Squares
Date: 01/05/24 Time: 19:54
Sample: 1 160
Included observations: 160

Variable	Coefficient	Std. Error	t-Statistic	Prob.
SRP	1.197614	0.414682	2.888029	0.0044
C	-0.486702	1.626330	-0.299264	0.7651

R-squared	0.050142	Mean dependent var	3.557560
Adjusted R-squared	0.044131	S.D. dependent var	10.69982
S.E. of regression	10.46106	Akaike info criterion	7.545617
Sum squared resid	17290.53	Schwarz criterion	7.584057
Log likelihood	-601.6494	Hannan-Quinn criter.	7.561226

F-statistic	8.340709	Durbin-Watson stat	0.374069
Prob(F-statistic)	0.004421		

Source: Eviews 12 Analysis Output (2024)

The R-squared value, which is 0.0501, indicates that approximately 5.01% of the variation in earnings per share (EPS) can be explained by the variation in the Social Responsibility Paradigm (SRP). The F-statistic of 8.3407 with a probability value of 0.0044 suggests that the overall regression model is statistically significant. This implies that there is a significant relationship between the independent variable (SRP) and the dependent variable (EPS), and the model is better than a model with no predictors. The constant term (C) in the regression equation has a coefficient of -0.4867 with a probability value of 0.7651. The constant term represents the intercept of the regression line. In this context, the non-significant coefficient and high p-value indicate that the intercept is not significantly different from zero, suggesting that when SRP is zero, there is no statistically significant impact on the earnings per share.

The regression analysis results indicate that Social Responsibility Paradigm (SRP) has a coefficient of 1.1976 with a standard error of 0.4147 and a t-statistic of 2.8880, resulting in a probability value of 0.0044. This suggests that corporate donations for social responsibility causes have a statistically significant positive effect on the earnings per share (EPS) of listed consumer goods firms in Nigeria. The positive coefficient implies that as the level of social responsibility involvement, measured by SRP, increases, there is a corresponding positive impact on the firm's earnings per share. Since the *p*-value is less than 0.05, we accept the alternate hypothesis and conclude that transcending the traditional profit-centric approach to socially responsible paradigm significantly affects firm profit of listed consumer goods firms in Nigeria (0.0044).

Similar findings were realised by Amahalu and Okudo (2023), Mwenda (2023), and Alam and Tariq (2022) who collectively affirm the positive correlation between Corporate Social Responsibility activities and improved financial outcomes, encompassing heightened profitability, market value, and shareholder returns. This trend is further supported by the research conducted by Itoya, Owuze, Akhator, and Igbokwe (2022), which concentrates on the Nigerian banking sector and identifies substantial positive associations between CSR initiatives and gross earnings, profit after tax, and overall financial performance. Additionally, Oyewumi, Ogunmeru, and Oboh's (2018) study in Nigeria and Van Nguyen, Bui, and Le's (2022) research in Vietnam underscore the positive impact of CSR expenditure and disclosure on financial performance, underscoring the significance of transparency and proactive corporate engagement in social responsibility initiatives.

5.0 Conclusion and Recommendations

The findings of the study provides a premise to argue that embracing social responsibility can be seen as a strategic investment in the long-term sustainability of the business. By actively contributing to the well-being of the community, supporting environmental sustainability, and ensuring ethical business practices, companies are better positioned for long-term success. The result suggests that companies in the consumer goods sector in Nigeria, which go beyond the conventional profit-oriented strategies to embrace social responsibility, experience a positive impact on their overall profitability. This outcome challenges the notion that solely focusing on financial gains is the most effective approach and highlights the potential benefits of integrating social responsibility into business practices.

Engaging in socially responsible practices often contributes to building a positive corporate image and reputation. Consumers and investors are increasingly valuing companies that demonstrate a commitment to social and environmental concerns. This positive perception can lead to increased consumer trust, loyalty, and a favorable stance from investors, potentially influencing the firm's profitability. This implies that companies embracing and actively participating in social responsibility initiatives experience a favorable impact on their financial performance, particularly in terms of EPS. The significance of this outcome suggests that moving beyond the conventional profit-centric approach to encompass broader social responsibility practices contributes positively to the overall profitability of listed consumer goods firms in the Nigerian business landscape. This aligns with the notion that corporate engagement in activities that extend beyond mere profit maximization can have tangible and beneficial effects on a firm's financial performance, reflecting a more comprehensive and sustainable approach to business. In view of the findings of the study, we recommend that companies should strategically integrate and prioritize social responsibility initiatives within their business models by incorporating ethical, environmental, and social considerations into decision-making processes and operational activities.

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