Journal of Accounting and Financial Management E-ISSN 2504-8856 P-ISSN 2695-2211
Vol 10. No. 12 2024 www.iiardjournals.org Online Version

Corporate Social Responsibility (CSR) And Financial Performance of Quoted Consumer Goods Companies in Nigeria

Korolo, Emmanuel Omolaye (Ph.D)
Department Of Accounting, Federal University Otuoke
Bayelsa State, Nigeria
koroloemmanuel@yahoo.com

Korolo Akuboere Salome (Ph.D)
Department Of Accounting, Federal University, Otuoke
Bayelsa State, Nigeria
akuboerediriyai@gmail.com
DOI: 10.56201/jafm.v10.no12.2024.pg106.123

Abstract
This study examines the relationship between Corporate Social Responsibility (CSR) and the financial performance of quoted consumer goods companies in Nigeria. The specific objective where to determine whether the environmental, social, and economic cost has any effect on the return on assets (ROA) of consumer goods companies in Nigeria. Ex-post factor research design was used and the study used secondary data from annual reports of sample companies from the Nigeria exchange group (NXG) for relevant years under consideration (2004-2023). The panel least square regression technique was employed to examine the relationship between the variables. The study found that environmental cost has a positive significant relationship with the return on assets of listed consumer goods in companies in Nigeria. Social cost has a positive significant relationship with the return of assets quoted by consumer goods companies. Economic costs have a positive significant relationship with the return of assets of consumer goods companies in Nigeria. Based on the findings of the study, the study concludes that there is a significant relationship between Corporate Social Responsibility (CSR) and the financial performance of quoted consumer goods companies in Nigeria. The study recommends that management should maintain the present level of environmental, social, and economic costs spending or increase it as much as the result shows a significant increase in profitability of quoted consumer goods companies in Nigeria.

1.1. Introduction

Activities in the market and non-market settings substantially impact how successfully business organizations perform. Corporate social responsibility, or CSR, has increased dramatically over time. Organizations adopt corporate social responsibility as a major method when making decisions that increase or improve efficiency. Funding corporate groups is primarily driven by increasing profits for shareholders, regardless of the social costs connected with their operations. However, companies that operate inside a society have to balance their interests with those of the community. A company's success will be harmed if its goals are not suitably linked with the demands of society (Aijajawy, 2019). According to Yoo and Lee (2018) and Monsor and Abdulazeez (2014), a company's strength and sustainability will rise with its level of social responsibility since consumers will be more willing to acquire its products. According to Okudo and Amahalu (2023), the objectives of corporate social responsibility (CSR) for businesses are to improve the quality of life and living conditions of the communities in which they operate while preserving profitability for all parties concerned.

Corporate social responsibility, or CSR, is the belief that corporations should be involved in the community, including the environment, human resources, customers, and products. According to Kesto (2017), it also claims that private corporations have a duty to society that extends beyond maximizing profits. The acts made by a firm must take into account the relationship between the business and society. For this reason, the corporation must continue to fulfill its ethical values and assist the economy.

Growth of its local area while enhancing the standard of living for its workers and the broader community. Nzekwe et al. (2021) emphasize that the quest for financial expansion does not always result in social advancement and is frequently destructive to the environment, leading to dangerous workplaces, exposure to noxious substances, urban degradation, and occasionally even death from inhaling toxic waste. Companies are increasingly considered as having a responsibility to stakeholders, such as debt holders and shareholders, in addition to their direct owners. CSR is a reflection of permanent social changes in society rather than a quick answer to fleeting societal demands (Sameer, 2021). According to Wirba (2023), current business executives highlight that firms must do more than only supply goods and services to the broader audience. Even though corporate social responsibility (CSR) offers many advantages and contributions in developed nations, few Nigerian organizations have grabbed the potential to adopt CSR (Kalagbor et al., 2022).

Because of the harm they inflict on ecosystem stability, Latapí-Agudelo et al. (2019) believed that the focus of political, economic, and corporate discourse had turned to environmental challenges. To decrease unwanted effects on the environment and society, corporations are encouraged to accept responsibility for their deeds. According to corporate social responsibility, firms need to strike a balance between the requirements of their stakeholders—such as consumers, workers, shareholders, and locals—and the environment. According to Hilmi et al. (2020), the unchecked environmental repercussions of manufacturing activities have intensified air pollution, ozone layer depletion, climate change, resource misuse, and an increase in water pollution from radioactive chemicals.

The phrase "corporate social responsibility" (CSR) refers to a broad range of policies, practices, and activities that are integrated into an organization's supply chains, commercial operations, and decision-making procedures. Brand activities, environmental concerns, community investment, and business ethics governance are a few examples. The concept of corporate social responsibility, or CSR, is significant and a means to cope with the roles that corporations play in society. It offers standards for how firms should function to benefit society while preserving ideals that prevent profit-seeking at all costs (Basuony et al., 2014). Therefore, it is believed that companies that contribute to society through corporate social responsibility arrange a supportive operating atmosphere, obtain high patronage, and boost their financial success (Crane & Glozer, 2016).

1.2. Statement of The Problem

Authors and academics in the domains of accounting and finance have discussed and spent a significant deal of attention on the relationship between a company's profitability and its financial performance, or CSR. According to Kiabel and Nangih (2018), this is because of the knowledge that can help organizations run efficiently and, subsequently, earn a profit. On the question of corporate social responsibility, there are two schools of thinking. The first maintains that the sole job of enterprises is to maximize profits for their shareholders while following all legal regulations. The opposite school of thought, however, views it differently, stating that engaging in corporate social responsibility is a waste of time and a diversion from the fundamental goal of earning profits (Friedman, 1970). According to this school of thinking, corporations are viewed as socially responsible when they address the requirements of their host communities. As a result, they can function in harmony and create great relationships with these communities. As a result, their things attract purchasers, which in turn influences their profitability. Corporate social responsibility (CSR) investment, according to Freeman (1984), improves the company's financial performance by cultivating a favorable attitude toward the business, which in turn leads to greater sales, committed clientele, and other benefits.

According to the research of Jarikre et al. (2021), corporate social responsibility has a beneficial but small impact on net asset per share, earnings per share, and profit after taxes. ROA and ROCE have a negative link with community development and a good relationship with staff management, according to Asain and Uche's (2018) research. The study conducted by Oboreh et al. (2021) found that the companies' CSR expenditures had a noticeable impact on their net profit margin, return on equity, and return on assets. According to Yunusa et al.'s (2023) research, there is a substantial adverse association between listed consumer goods corporations' ABFPM and corporate social responsibility. In their study on the effects of corporate social responsibility in Nigeria, Okoye et al. (2023) found a non-significant positive correlation between the cost of CSR and the firm's profit before taxes, but a significant positive correlation between CSR expenditures and earnings per share and market value per share of the firms. The goal of this study is to analyze the effect of corporate social responsibility (CSR) on the financial performance of stated consumer products businesses in Nigeria, in light of the statements made by other journal writers. The study's purpose is to assess how corporate social responsibility (CSR) influences the financial performance of consumer goods that are quoted in Nigeria.

2.1. Conceptual Clarification

2.1.1. Corporate Social Responsibility Cost

The principle behind corporate social responsibility (CSR) is to consider the interests of all parties involved in a company to meet the shared objectives of the organization as stated in the company's mission and vision statements (Gololo, 2016). Corporate social responsibility (CSR) is the duty a firm has to its stakeholders and host communities while pursuing its aims of maximizing business profits and stakeholder values, according to Udo and Amahalu (2023). These duties include fulfilling their commitments to their stakeholders and safeguarding the environment in which they conduct business. According to Adeneye and Ahmed (2015), corporate social responsibility (CSR) is the commitment made by a firm to increase the well-being of society through optional business practices and resource donations. Here, an organization goes over and above to actively donate finances or in-kind aid to enhance society. CSR is a company's commitment to safeguard and increase stakeholders' well-being in the present and the future, according to Rehan et al. (2018). A socially responsible organization, according to his definition, implements policies and business practices that improve the welfare of stakeholders and go above and beyond the minimal minimum needed by law. Corporate social responsibility (CSR), on the other hand, is a technique utilized by firms to actively integrate social and environmental concerns into their operations and boost stakeholder participation, states Westoby (2016). Key business ethics included in this definition include the maintenance of sustainable economic growth, manager accountability to all stakeholders, and the integration of economic, social, and environmental effects into all corporate operations.

Businesses must also follow regulations that promote the social compact between the enterprise and society to be able to carry out their operations. In this view, firms are obligated to give long-term value to all parties involved.
According to Umarana et al. (2018), corporate social responsibility (CSR) is a company strategy that promotes sustainable development by benefiting all stakeholders in terms of the economy, society, and environment. Furthermore, according to Mumtaz and Ihendinihu (2014), corporate social responsibility (CSR) is the pursuit of financial gain while preserving moral standards and displaying care for people, the environment, and society. It outlines how a business understands the society in which it operates and how it formulates a plan that includes the interests of stakeholders when making choices. A socially conscious corporation will therefore act and put policies into place that increase financial performance and advance the interests of all parties concerned.

2.1.1.1 Arguments against Corporate Social Responsibility Cost

In several social science disciplines, including economics, political science, and sociology, as well as in the fields of corporate governance, psychology, marketing, and finance, a critical knowledge of the origins and effects of corporate social responsibility (CSR) has surfaced. One of the most well-known and pioneering concepts of corporate social responsibility is Friedman's stance from 1970. Any measure that promotes social security at the expense of stakeholders could be considered the product of an agency problem, he contended, and managers' only obligation is to maximize shareholder profits (Friedman, 1970). For the sole purpose of establishing a bespoke program for image marketing, these managers use corporate resources to achieve social goals. Carol (1979) questioned Friedman's concept of corporate social responsibility by establishing the principles of corporate social performance. This paradigm is related to the social response philosophy, and social subjects incorporate social responsibility. This methodology has enabled scholars to explore the relationship between a firm's financial performance and social responsibility. (Freeman & Evans, 1990) Freeman produced a counterargument to Carroll's, saying that corporate social responsibility is an acceptable leadership perspective. This remark is based on the premise that businesses have numerous linked parts that need to be considered. The support of stakeholders, including employees, consumers, suppliers, and local groups, is crucial for growth and sustainability. The stewardship hypothesis offered by Donaldson and Davies (1991) broadened this idea. This belief states that managers have a moral duty to behave morally and do "what is right," irrespective of how their decisions may influence the financial success of the firm. Since there cannot be repercussions for doing the correct thing, international adherence to this guideline will be difficult.

2.1.2. Environmental Cost

The preservation of the environment is the foundation of corporate social responsibility. A firm can conduct environmental stewardship by recycling materials, restocking natural resources like trees, minimizing manufacturing pollution and emissions, or developing product lines that align with corporate social responsibility. The sustainable use of natural resources and the reduction of pollution and greenhouse gas emissions are the goals of environmental responsibility programs.

2.1.3. Social Cost

Corporate initiatives that, according to social norms, depict commercial companies as good corporate citizens by promoting the immediate host society are referred to as philanthropic duties. Donations to the arts, education, human rights, teaching and growing the local workforce, contributing knowledge for community initiatives, and donating finances, services, and projects to the local community are a few examples of charity acts (Gololo, 2016).

2.1.4. Economic Cost

The essential obligation of a corporation is its economic responsibility, which is to maximize shareholder wealth, argues Otusanya and Lauwo (2016). The fundamental purpose of a corporation should be to enhance earnings to meet the requirements of the majority of its shareholders (Kawu, 2018). By offering clients the high-quality goods and services they require, the company aspires to meet human needs. Effective and efficient cost control together with thorough monitoring of product and service sales income can optimize shareholder wealth for a corporation (Sharfman, 1996). According to Carroll and Buchholtz (2000), all other commitments circle economic responsibility because it cannot be addressed until it is met. Carroll and Buchholtz (2000) present an overview of the traits that characterize economic responsibility: (1) Taking efforts that will help to enhance earnings per share. (2) Sustaining a robust competitive edge. (3) A dedication to producing maximum profitability as a corporation. (4) Integrity, bribery and corruption prevention, community economic growth, transparency, payments to local and national governments, the utilization of local workers and suppliers, and other pertinent problems.

2.1.5. Financial Performance

An organization's financial performance is gauged by its degree of profit. Omojolaibi et al. (2019) suggest that one approach to assessing profitability is via profit. It can be classified as income, the process of generating good or unfavorable results or impacts from business activities, or the surplus of money earned from a business venture after organizational expenditures have been removed from costs directly related to generating that money. The capital adequacy ratio, liquidity, leverage, solvency, profitability, and other measurements are used to examine the company's financial performance, which includes the collection and usage of cash during a certain period. How effectively a corporation manages and controls its resources influences its financial performance (IAI, 2016). They are financial records that give business management information to aid them in making financial policy decisions. The financial statements cover cash flows, balance sheets, profit or loss, and capital movements.

The balance sheet utilized to determine profit and loss, cash flows, and retained earnings are all components of a company's financial statements, which reveal its present financial status (Didin, 2017). While non-financial indicators are subjective, financial performance (FP) metrics are objective. A few instances of subjective performance measurements are managers' evaluations of the company's performance concerning market share, R&D investment, and worker health and safety. Jibril et al. (2015) state that financial performance demonstrates that the business has attained its financial or economic objectives. The ability of a corporation to maintain adequate profit margins across its operations establishes its long-term sustainability and worth.

2.1.6. Return on Asset (ROA)

This is the profitability ratio which assesses how successful a firm or an organization is, in general revenue from employing its assets for the business operations/activities. It displays the percentage of how profitable a company's assets are in generating revenue (Amahaw et al., 2018). Return on asset (ROA) assesses profitability and the performance of organizations in exploiting their assets to create profit (Larasati et al, 2020). Usman and Amran, (2015) noted that ROA represents a company's profitability accruing from the entire assets that the business controls. This profitability assessment is such that the higher the ROA, the more effective the organizations are in the use of assets to the advantage of the stakeholders in line with the above Iraman and Purwati, (2020) stressed that the greater the value of ROA indicates the larger profits obtained. High or low ROA is impacted by how much assets are used to be invested. ROA is also used to compare the efficiency and operational performance of a firm as it looks at the returns created from the assets of the company or organization. ROA can also draw the interest of investors to invest in a corporation or organization.

2.3. Theoretical Framework

Stakeholder theory is the foundation of this study endeavor. According to Freeman and Moutchnik (2013), the stakeholder theory was initially stated by Edward Freeman in 1983. The theory maintains that having values is a true prerequisite for conducting business and that the value created is what links the many stakeholders in the firm together. Freeman thinks this leads to amazing outcomes and helps the firm expand. It's vital to recognize the vast spectrum of stakeholders with an interest in the organization. In addition to those interests, the company's shareholders' interests must be addressed. Suppliers, customers, employees, trade unions, trade groups, communities, and financiers are examples of potential stakeholders. The following are some of the theory's shortcomings: it is impossible to meet the needs of all stakeholders at once, and as is customary, a business can prioritize stakeholders like shareholders more; additionally, the theory works best when it is consistently implemented within an organization rather than among the company's employees and clients (Mitchell et al., 1997). The importance of stakeholder theory resides in its focus on addressing the justifiable demands of a company's interdependent stakeholders, such as shareholders, employees, customers, suppliers, and the local community, to assure the long-term profitability of the firm.

2.4. Empirical Review

Oladeji (2023) looked studied how the financial performance of a select Nigerian manufacturing businesses was affected by corporate social responsibility, or CSR. The study was done utilizing an ex-post facto research design. A purposive sample technique was utilized to pick fifteen (15) of the research population, which covered all client goods and industrial sectors of manufacturing businesses in Nigeria, for the years 2010–2019. The annual reports of the companies that were sampled offered secondary data. We generated and tested two hypotheses. Data analysis employed both descriptive and inferential statistics, including multi-regression and correlation. The analysis's findings demonstrated that CSR has a significant negative correlation with the NPM of a selection of Nigerian manufacturing businesses and a strong positive link with financial performance as judged by EPS.

Oboreh et al. (2021) used the above Nigerian firms as a reference point to explore how corporate social responsibility influences organizational performance. Stakeholder theory and Kehlberg's model of cognitive moral development served as the foundation for the study. An ex-post factor research design was adopted. The study's population consists of all listed enterprises on the Nigerian stock exchange. The convenience sampling approach was employed to sample 30 companies in total. The 2020 annual reports and accounts of the individual firms provided the data needed for this inquiry. Return on assets, return on equity, return on investment, and net profit margin were the dependent variables, and corporate social responsibility spending was the independent variable. The data was evaluated using descriptive statistics and basic linear regression analysis. Return on equity, return on investment, return on assets, and net profit margin are all strongly impacted by the companies' CSR spending, according to the study. The study reveals that to improve their performance, corporate organizations in Nigeria should aim to strengthen their commitment to social responsibility activities including environmental preservation and community programs.

Zakaree et al. (2016) explored how listed manufacturing companies in Nigeria fared financially after implementing corporate social responsibility disclosure (CSRD). Ten (10) manufacturing enterprises made up the sample size, which was picked at random from seven (7) Nigerian manufacturing industry subsectors. Multiple regression analysis was utilized to acquire secondary data from the financial statements of the selected organizations. According to the study's findings, there is a strong positive link between CSRD and EPS overall, and each of the four CSRD dimensions—employee, environment, community, and product—has a favorable impact on EPS.

Yakubu et al. (2022) explored how corporate social responsibility affects the financial results of select Nigerian traded companies. The study was carried out in Nigeria as well as other nations, and the results are confusing and unclear. Ten firms registered on the Nigerian stock exchange as of December 31, 2020, make up the study's population. Based on a systematic selection technique, ten 10 firms were picked as samples for ten years from 2011 to 2020. Regression is employed in the study as an analytical tool. The research demonstrates that corporate social responsibility (CSR) considerably enhances the financial performance of a subset of Nigerian enterprises.

Usman and Amran (2015) explored the connection between corporate financial performance and CSR initiatives using data from Nigerian enterprises. CSR and financial information were retrieved from the annual reports of 68 firms that are listed on the Nigeria Stock Exchange through text analysis. The NSE Factbook was utilized as a cross-reference for financial data. The nature of CSR practices in Nigeria and their patterns were presented using percentages. The study performed hierarchical multiple regression analysis to evaluate the association

between CFP and CSR. The descriptive statistics' findings reveal that the listed companies notified their stakeholders about their social performance through CSR initiatives. According to the regression analysis, disclosures concerning human resources, products, and consumers as well as community involvement were found to increase CFP. The findings also demonstrate that environmental disclosure and CFP have a negative connection, implying that in Nigeria, publishing environmental impact information could diminish value.
The impact of corporate social responsibility on commercial firms' performance was researched by Oboreh and Arukahora (2021). Nigerian companies that were quoted were used in the study. The ex-post facto research design was adopted, which was based on the stakeholders' theory. Hence, using the convenience sample technique, secondary data was acquired from thirty Nigerian listed enterprises. The data was examined using simple linear regression analysis, correlation, and descriptive statistics. While the study's dependent variable was analyzed using four profitability metrics—ROE, ROA, ROI, and NPM—the independent variable was proxied by corporate social responsibility spending. The findings indicated that the dependent variables were positively and significantly impacted by the sampled companies' corporate social responsibility spending. The financial performance of Nigerian listed companies was thus found to be highly impacted by corporate social responsibility.

In 2016, Ejovwokeoghen and Morenike researched the factors that influence the Corporate Social Responsibility (CSR) disclosure procedures of listed corporations in Nigeria. The social and environmental disclosures from the 2013–2014 annual reports of 45 corporations from 8 industries listed on the Nigerian Stock Exchange were obtained using a 20-item checklist. Firm size, profitability, and auditor type were utilized as stand-ins for the disclosure determinants. Return on equity (ROE) was used to assess profitability, total assets were used to measure company size, and a dummy variable that read "1" for Big 4 and "0" for otherwise was used to measure auditor type. Descriptive statistics, regression analysis, and correlation were utilized to investigate the acquired data. Their data suggested that while profitability did not affect CSR, auditor type and firm size did.

An empirical examination of the connection between Chinese listed corporations' financial success and corporate social responsibility was undertaken by Yang (2012). Through an analysis of the 2008–2009 standalone CSR reports, this study tries to quantify the influence of CSR on corporate performance and explain how CSR has evolved in China over the last several years. To evaluate the data, probit regression was employed. The study's independent variables include Tobin's Q (TobinQ), market return (Mkt), percentage change of sales (%ΔSales), and return on assets (ROA). According to the data, Chinese enterprises have been upgrading their CSR operations. According to the study's findings, CSR disclosure has a large and favorable impact on the firm's financial success, and it is positively connected with past financial performance.

Gugong and Ayuba (2018) explored the association between CSR and the performance of Nigerian-listed firms. The 2008–2017 study period was chosen. The correlational research design was adopted in the study. Thirteen named consumer products businesses made up the

study's sample. Regression analysis was applied to investigate the data. The study found that while corporate social responsibility (CSR) on education and health had a large and positive impact on financial performance, CSR on the community and employees had a significant but negative impact on the financial performance of Nigerian consumer goods companies that were listed.
The financial performance and corporate social responsibility of the Nigerian consumer products business were examined by Ezeagba (2017). The study's purpose was to evaluate how corporate social responsibility (CSR) affected the financial results of Nigerian consumer goods companies that were listed. The study's population consists of 28 consumer products businesses registered on the Nigerian stock exchange, while 15 companies with up-to-date financial data were selected and studied. The annual reports and accounts of the chosen companies for the years 2012–2015 provided the study's data. Return on assets (ROA), return on shareholders' fund (ROSF), and return on capital employed were used to measure financial performance. Companies' financial performance (ROCE) and sustainability reports were utilized to obtain data on environmental expenditures and corporate social responsibility.
Olayinka and Temitope (2011) studied the relationship between CSR and financial performance in developing economies using a qualitative study technique, finding that CSR has a positive and substantial relationship with financial performance metrics. Okoye (2013) studied the influence of corporate social responsibility on Nigerian deposit money banks using a static panel data method. According to the report, CSR has a great impact on society through contributing to infrastructure and development as well as the financial success of the Nigerian banking industry.

Using data from a developing nation, Evan and Lema (2015) studied the connection between corporate social responsibility and financial performance. A sample of 131 firms' annual report data from 2008 to 2012. The study was anchored in stakeholder theory and legitimacy theory. Using the market-based Tobin's Q, the study's findings suggested a negligible association between CFP and CSR, but a positive and significant relationship between the two.

The impact of corporate social responsibility on the profitability after taxes of a few Nigerian deposit money banks was researched by Shehu (2013). Using content analysis, the study utilized secondary data from the annual reports of a few chosen banks and the Nigerian Stock Exchange's (NSE) fact books for the study period (2006–2010). To understand the outcomes of the developed hypothesis, the study performed regression and correlational analysis. According to the results, there is a weakly positive association between CSR and PAT, but it is significant at 5%. They advised the banking industry to view corporate social responsibility (CSR) as a key factor in increasing an organization's profitability because there is a direct correlation between the level of commitment to CSR and the number of investors and customers who purchase your shares and products, respectively.

Sanni and Abdul-Baki (2014) evaluated how CSR expenditure affects Nigerian Deposit Money Banks' (DMBs') profitability. The bank's financial statements from 2007 to 2011 provided them with secondary data for the analysis. An intentional sample technique was utilized to choose 10 of the twenty-one DMBs that are currently in operation in Nigeria. A regression model using panel data and correlation was performed, and the results showed that the bank's profitability is not greatly impacted by CSR spending. To avoid undermining their aims of growing profits and wealth, they advise banks to exhibit greater prudence when it comes to their financial commitment to corporate social responsibility.

Barde and Tela (2015) employ survey and ex-post facto designs to explore how corporate social responsibility influences the financial performance of the Nigerian construction industry. They take information from the annual reports and accounts of seven construction companies that are registered on the Nigerian Stock Exchange. Information was acquired from respondents using a questionnaire. What they created. Philanthropic activities have a bigger influence on Nigerian building firms than non-philanthropic ones, according to a study.

3.0 Methodology

The study's purpose was accomplished by adopting an ex-post facto design, which required acquiring secondary data from credible sources like the Nigerian Exchange Group (NXG). Nigeria Exchange Group (NGX) consumer goods companies are the major focus of this study, which spans Twenty years (20) from 2004 to 2023. As of December 31, 2023, all twenty (20) consumer goods companies listed on the Nigerian Exchange Group comprise the population for this study. The study's sample comprised all twenty (20) firms. Descriptive statistics, correlation analysis, panel unit root test, regression model estimate, and finally the execution of certain diagnostic tests are the steps in the EViews 13 data analysis process.

3.1. Model Specification

The hypothesized relationship was analyzed using simple regression analysis. A model was developed to evaluate the effect of corporate social responsibility on financial performance. Here, financial performance (dependent variable) is explained by the reaction of corporate social responsibility (independent variable) as shown in the model explained below:

The simple regression model is given as follows:

$$\mathbf{ROA = f\ (ENVC,\ ECOC,\ SOCC)} \qquad (1)$$

The functional testable or econometric model will be derived as:

$$\mathbf{ROA} = \beta_o + \beta_1\mathbf{ENVC} + \beta_2\mathbf{ECOC} + \beta_3\mathbf{SOCC} + \varepsilon \qquad (2)$$

Since we are using panel data, the model will be specified in the appropriate form:

$$\mathbf{ROA_{it}} = \beta_o + \beta_1\mathbf{ENVC_{it}} + \beta_2\mathbf{ECOC_{it}} + \beta_3\mathbf{SOCC_{it}} + \varepsilon_{it} \qquad (3).$$

Where:

ROA = Return on Asset.

ENVC = Environmental Costs.

ECOC = Economic Costs.

SOCC = Social Costs.

ε_{it} = Error term

β1 to β3 are the beta coefficients of the independent variables. From this study, we expect β1 to β3 to be greater than zero.

4.0 ANALYSIS AND DISCUSSION OF FINDINGS

4.1 Univariate Analysis of Descriptive Statistics.

The analysis of descriptive statistics is hereby performed to find out the properties of the data. Table 4.1show the data characteristics which include the total number of observations, means, standard deviation, minimum, maximum, and probability of the Jarque-Bera statistics for the twenty(20) selected consumer goods firms listed on the Nigerian Exchange Group from 2005 to2023(19 years) making a total of 380 observations.

4.1 Univariate Data Analyses (Descriptive Statistics)

Table 4.1a

Variables	Number of Observations	Mean	Std Deviations	Minimum	Maximum	Probability of Jarque-Bera(
ROA	380	0.093009	0.157066	-0.520355	0.518302	0.000000
ENVC	380	26179588	2.51E+08	0.000000	3.35E+09	0.000000
ECOC	380	2869919.	12920110	0.000000	1.03E+08	0.000000
SOCC	380	28652376	1.08E+08	0.000000	1.09E+09	0.000000

Source: Researcher's Computations (2024) Using EViews13 Software

The statistics in Table 4.1a above show the mean values of the variables as well as the standard deviations, minimum, maximum, and Jarque-Bera Statistics Probability values. All the variables of interest have maximum values which are greater than their respective minimum values. Again, the mean values of all the variables are smaller than the standard deviation values (Mean<STD). This shows that these variables have outliers in their data set and so have a high gap between the highest and lowest values for the last 19 years meaning that the averages are quite low (Lestari & Setiany, 2023). However, Ghasemi and Zahediasl (2012) noted that violating the normality assumption by the central limit theorem (CLT) shouldn't be a significant problem once the sample size is 100 and above. This is not a problem because the number of observations is large at 380 observations

4.2 Bivariate Data Analysis (Correlation Analysis)

Table 4.2: Correlation Statistics

Covariance					
Correlation	ROA	ENVC	ECO	SOCC	
ROA	0.024546				
	1.000000				
ENVC	-639331.3	6.25E+16			
	-0.016323	1.000000			

ECOC	188149.0	3.61E+14	1.66E+14		
	0.093184	0.111899	1.000000		
SOCC	744273.5	2.09E+15	8.30E+14	1.15E+16	
	0.044253	0.077692	0.599705	1.000000	

Source: Researcher's Computations (2024) Using EViews13 Software.

The correlation analyses among the variables are meant to first determine the association between each pair of the dependent and independent variables as well as among the explanatory variables. It reflects the relative strength of the relationship between the explanatory variables.
The degree of association may be weak (0.00 to 0.5), moderate (0.51 to 0.8), or high (0.81 and above). A very high association among the repressors poses a problem of multi-collinearity. According to Gujarati (2004); multicollinearity could only be a problem if the correlation coefficient between regressors is above 0.80. From the information obtained from Table 4.2 above, it can be seen that there is the absence of multicollinearity since only SOCC to ECOC is moderately correlated at 0.599705 while the other variables are weakly correlated.

4.3.1. Unit Root Test

In determining the characteristics of panel data, a preliminary analysis is done to test whether the variables are stationary or not. In other words, this preliminary analysis is conducted to test for the presence of a unit root in the variables. The unit root test results are shown in Table 4.3.

Table 4.3: Summary of Unit Root Test (P-Values Only)

Variables	**Levin, Lin & Chu**	**PP - Fisher Chi-square**	**Decision for Stationarity**
ROA	0.0000	0.0229	Stationary at I(0)
ENVC	0.0000	0.0210	Stationary at I(0)
ECOC	0.0001	0.0219	Stationary at I(0)
SOCC	0.0014	0.0000	Stationary at I(0)

Source: Researcher's Computations (2024) Using EViews13 Software.

The results of the Levin, Lin Chu, and PP - Fisher Chi-square unit root tests at 5 percent critical levels in Table 4.3 indicate that all the variables are stationary at levels. Hence, all the variables are I (0) since at least, one of the variables of interest is I (0), that is, stationary at levels. When variables are not stationary, it means that they can drift apart in the long run and the regression results obtained can be spurious or nonsensical (Maeso-Fernandez et al. 2004). With this unit root test result, we can go ahead and perform the regression estimation using the ordinary least squares (OLS)method of estimation.

4.3.2. Estimation of the Regression Models.

Table 4.4: Regression Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ENVC	8.78E-11	4.27E-11	2.054898	0.0412
ECOC	1.01E-09	4.84E-10	2.087793	0.0381
SOCC	2.94E-10	1.04E-10	2.839264	0.0050
C	0.075465	0.011330	6.660472	0.0000

R-squared	0.909504	Mean dependent var	0.093244
Adjusted R-squared	0.895663	S.D. dependent var	0.157868
S.E. of regression	0.150127	Akaike info criterion	-0.934578
Sum squared resid	4.349843	Schwarz criterion	-0.867914
Log-likelihood	96.05591	Hannan-Quinn criteria.	-0.907592
F-statistic	7.911082	Durbin-Watson stat	1.769625
Prob(F-statistic)	0.000053		

Source: Researcher's Computations (2024) Using EViews13 Software.

4.4 Hypotheses Testing.

Earlier, it was stated that each of our independent variables in their null forms will be subjected to a statistical test and the result of the test will either be accepted or rejected at the 5% significant levels. If the p-value of that explanatory variable is less than or equal to 5% (0.05), then there is a significant relationship between this explanatory variable and the dependent variable and so we reject the null hypothesis. If, however, the p-value of that explanatory variable is greater than 5% (0.05), then the null hypothesis is accepted that there is no significant relationship.

We, therefore, restate each hypothesis and test for either acceptance or rejection based on their respective probability value (p-value).

$H0_1$:Environmental costs have no significant relationship with the return on assets of listed consumer goods firms in Nigeria.

The coefficient of ENVC is positive (8.78E-11) and statistically significant with a t-statistic (2.054898) and a p-value(=0.0412) at the 4% level of significance. The p-value is 4% which is less than 5% and so we reject the null hypothesis that ENVC has no significant relationship with ROA.

$H0_2$:Economic costs have no significant relationship with the return on assets of listed consumer goods firms in Nigeria.

The coefficient of ECOC is positive (1.01E-09) and statistically significant with a t-statistic (2.087793) and a p-value(=0.0381) at the 3.8% level of significance. The p-value is 3.8% which is less than 5% and so we reject the null hypothesis that ECOC has no significant relationship with ROA.

$H0_3$:Social costs have no significant relationship with the return on assets of listed consumer goods firms in Nigeria.

The coefficient of SOCC is positive (2.94E-10) and statistically significant with a t-statistic (2.839264) and a p-value(=0.0050) at the 1% level of significance. The p-value is 1% which is less than 5% and so we reject the null hypothesis that SOCC has no significant relationship with ROA.

4.5 Discussion of the Regression Results from Table 4.4.

4.5.1.Environmental costs and return on assets.

From the ROA model in Table 4.4, the ENVC relationship with ROA is positively significant with a coefficient of 8.78E-11. The result shows that an increase in ENVC will lead to a significant increase in ROA. This means that increasing environmental costs by one extra naira will greatly increase ROA by 8.78E-11% holding the other variables constant. The sign or direction as well as the size or magnitude are in line with our expectations.

4.5.2.Economic costs and return on assets.

From the ROA model in Table 4.4, the relationship with ROA is positively significant with a coefficient of 1.01E-09. The result shows that an increase in ECOC will lead to a significant increase in ROA. This means that increasing economic costs by one extra naira will greatly increase ROA by 1.01E-09% holding the other variables constant. The sign or direction as well as the size or magnitude are in line with our expectations.

4.5.3.Social costs and return on assets.

From the ROA model in Table 4.4, SOCC's relationship with ROA is positively significant with a coefficient of 2.94E-10. The result shows that an increase in SOCC will lead to a significant increase in ROA. This means that increasing environmental costs by one extra naira will greatly increase ROA by 2.94E-10% holding the other variables constant. The sign or direction as well as the size or magnitude are in line with our expectations.

5.2 Conclusion and Recommendations

The study examines if there is any relationship between corporate social responsibility and profitability in Nigeria. The study uses secondarily sourced panel data over the period from 2005 to 2023 of 20 consumer goods firms listed on the floor of the Nigerian Exchange Group (NXG). The Panel Least Squares (PLS) regression method results reveal that:(i) ENVC relationship with ROA is positively significant with a coefficient of 8.78E-11 (ii)ECOC relationship with ROA is positively significant with a coefficient of 1.01E-09 (iii)SOCC relationship with ROA is positively significant with a coefficient of 2.94E-10. On the whole, the study concludes that there is a significant relationship between corporate social responsibility and profitability in Nigeria for the period under study. The study makes the following recommendations based on the regression results. (1) Since an increase in environmental costs will lead to a significant increase in profitability, management should either maintain the present level of environmental responsibility spending or increase it. (2) For as much as the result shows that an increase in economic responsibility costs will lead to a significant increase in profitability, management should either maintain the present level of economic responsibility spending or increase it. (3) Management should either maintain the present level of social responsibility spending or increase it for as much as the result shows that an increase in social responsibility costs will lead to a significant increase in profitability.

REFERENCES

Abhishek, T., & Anupama, B. (2013). Evolution of corporate social responsibility: a journey from 1700 BC till 21st century. *International Journal of Advanced Research*, *1*(8), 788-796. Retrieved 2019, from https://www.researchgate,net/publication/324862587

Adeneye, B. Y. and Ahmad, M. (2015). Corporate Social Responsibility and Company Performance. *Journal of Business Studies Quarterly*. 7(1), 151-166.

Aijajawy, T.M.A & AI Khafaji (2019).measuring the transparency of financial reporting to Iraqi laws and legislative analytical research: *Journal of Baghdad College of Economics Science University*, 40(8),255,278.

Asongu, J. J. (2007). The Legitimacy of Strategic Corporate Social Responsibility as a Marketing Tool. *Journal of Business and Public Policy*, 1, 1-12.

Blattberg, C. (2004). Welfare: Towards the Patriotic Corporation. From Pluralist to Patriotic Politics: Putting Practice First. New York: Oxford University Press. pp. 172-184. ISBN 978-0-19-829688-1

Brown, T. J., & Dacin, P. A. (1997). The company and the product: Corporate associations and consumer product responses. *The Journal of Marketing*, 61(1), 68-84

Burlea, S. A., & Popa, I. (2013). Legitimacy theory, in the encyclopedia of corporate social responsibility, Springer Verlag Berlin Heidelberg, pp.1579-1584, http://www.springerreference.com/docs/html/chapterdbid/333348.html

Carroll, A.B. & Buchholtz, A.K. 2000. Business and society: Ethics and stakeholder management. United States: South-Western.

Carroll, A.B. (1979) A Three-Dimensional Conceptual Model of Corporate Social Performance. The Academy of Management Review, 4, 497-505.

Deegan, C., & Gordon, B. (1996). A study of the environmental disclosure policies of Australian corporations. Accounting and Business Research, Vol. 26(3), pp. 187-199.

Donaldson, L. and Davis, J. (1991) Stewardship Theory or Agency Theory. *Australian Journal of Management*, 16, 49-64.

Dowling, J., & Pfeffer, J. (1975). Organizational legitimacy: Social values and organizational behavior. Pacific Sociological Review, 18 (1), pp. 122-36.

Duignan, B. (1999) 2000. "Utilitarianism" (revised). Encyclopedia Britannica. Retrieved 5 July 2020.

Freeman, R.E. and Evan, W. (1990) Corporate Governance: A Stakeholder Interpretation. *Journal of Behavioral Economics*, 19, 337-359.

Freeman, R.E. and Liedtka, J. (1991) Corporate Social Responsibility: A Critical Approach. Business Horizons, 34, 92-98.

Freeman, R.,(1984). strategic management stakeholder Approach, Boston: pitman

Friedman, M. (1970) The Social Responsibility of Business Is to Increase Its Profits. New York Times Magazine, 13 September 1970, 122-126.

Friedman.M.(1970): money and income comment on Tobin. *Quarterly journal of economics*, 84(3),318-327.

Gololo, A. I. (2016). Corporate social responsibility and financial performance of some selected banks in Nigeria: An empirical analysis. Millennium University Journal, Vol., No. 1, P.77

Gray, R. H., Owen, D. L., & Adams, C. A. (1996). Accounting and accountability: Changes and challenges in corporate social and environmental reporting. Prentice-Hall, London

Harrison, Wicks, Parmar and De Colle, (2010). Stakeholder Theory, State of the Art, Cambridge University Press, 2010.

Hutcheson, Francis, (1726), "Introduction." In An Inquiry into the Original of Our Ideas of Beauty and Virtue.

Jarikre victor Emamoke; Cordelia Onyinyechi Omodero (2021). Corporate social responsibility and firm's financial performance: A study of Nigeria consumer goods companies, 2256-0394 online, 2256-0386 (print) 35,229 - 248, https://doi.org/10,2478/eb2021,0016, https://content.sciendo.com.

Jibril, S., Dahiru, R., Muktar, E.& Bello, J. (2016), Corporate Social Responsibility and Financial Performance of Quoted Deposit Money Banks in Nigeria, *Research Journal of Finance and Accounting*, ISSN 2222-2847, Vol.7, No.13

Kawu, B. A. (2018). Corporate social responsibility and financial performance of nonfinancial firms quoted on Nigerian Stock Exchange, 24(1), 14

Kiabel B.D.& Nangih E. (2018). influence of peace and effective community policing on the performance of oil and Gas companies in Nigeria. *Journal of Accounting and Financial Management*: 4 (8),20-31.

Lauwo, S. G., Otusanya, O. J., & Bakre, O. (2016). Corporate social responsibility reporting in the mining sector of Tanzania. *Accounting, Auditing & Accountability Journal*, Vol. 29 Issue 6 pp. 1038 – 1074

Mamman, S. (2004). Disclosure of Corporate Social Responsibility Performance in Accounting Report. *Nigeria Journal of Accounting Research*, 1(4), 2-14. Retrieved 2019, from https://www.researchgate.net/publication/102038765

Mansell, S. (2013). Capitalism, Corporations, and the Social Contract: A Critique of Stakeholder Theory. Cambridge: Cambridge University Press.

McWilliams, A., & Siegel, D. (2000). Social responsibility and financial performance: Correlation or misspecification? *Strategic Management Journal*, 21, 603–609.

Mobus, J. L. (2005). Mandatory environmental disclosures in a legitimacy theory context, *Accounting, Auditing, and Accountability Journal*, Vol 18 No 4, pp. 492-517.

Mumtaz, M., & Pirzada, S. S (2014). Impact of corporate social responsibility on corporate financial performance. Research on Humanities and Social Sciences, 4(4), 7-14.

Oboreh,Lucky Edafetano (ph.D) & Arukaroha, Jonathan, (2021). Corporate social responsibility and performance of selected quoted companies in Nigeria. *International journal of business & law research*: 83-96,2360-8986.

Ojo, O. (2010). Appraisal of the practice of social responsibility by business organizations in Nigeria. Retrieved – December 18, 2013 from http://www.socialresponsibility. bus/companies/cull.pdf.

Owen, D. (2008). Chronicles of Wasted Time? A personal reflection on the current state of, and prospects for social and environmental accounting research. *Accounting, Auditing and Accountability Journal*, Vol. 21, No. 2, pp. 240-267.

Rehan, M., Khan, M. I., & Khan, M. K. (2018). Effect of corporate social responsibility on the profitability of the bank. European academic Research, 6(7), 3763-3782

Sharfman, M. (1996). The construct validity of the Kinder, Lydenberg & Domini social performance ratings data. *Journal of Business Ethics*, 15(3), 287-296.

Suchman, M. (1995). Managing legitimacy: Strategic and institutional approaches. Academy of Management Review, Vol.20, No. 3, pp. 57l-610.

Umarana, A., Bashir, U., & Ali, U. (2018). The impact of financial performance on corporate social responsibility. An empirical analysis of conventional and Islamic Bank of Pakistan. Organization Theory Review, 2(2), 1-18.

Waddock, S., & Graves, S. (1997). The corporate social performance financial link. *Strategic Management Journal*, Vol 18, No 4, Pp303-19

Westoby, P. (2016). Dialogue and disentanglement: Navigating tension for sustainable community economic development within Vanuatu. *The International Journal of Environmental, Culture Economic and Social Sustainability*, 6(1), 81-92

Yoo, D, & lee. L (2019), the effect of corporate social fit and corporate social responsibility consistency on company evaluation. *Journal of sustainability*.10(8),1-15.

lestari,F. D. & Setiany, E. (2023).The impact of governance, audit quality, and financial performance on increasing corporate value. *International Journal for Multidisciplinary Research (IJFMR)*, *5*(2), 1-17.

Ghasemi, A. & Zahediasl, S. (2012) Normality tests for statistical analysis: A guide for nonstatisticians. *Int J Endocrinol Metab ;10*:486-9.

Gujarati, D. N. (2004). Basic econometrics. McGraw-Hill Companies, New York

Maeso-Fernandez, F., Osbat, C. & Schnatz, B. (2004). Towards the estimation of equilibrium exchange rates for CEE acceding countries: Methodological issues and a panel cointegration perspective. *Working Paper Series No. 353 / M*