Firm Performance and Corporate Donations in Nigeria: A Covid-19 Pandemic Analysis

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Abstract

This study empirically investigated the relationship between firm performance and corporate donations before, during and after covid-19 pandemic period. In order to determine the relationship between firm performance and corporate donations, firm performance was proxy suing return on assets (ROA), return on equity (ROE) and share price (SP) while corporate donations on the other hand was measured using the ratio of donations and total assets. Three hypotheses were formulated to guide the investigation and the statistical test of parameter estimates was conducted using panel regression model operated with STATA 14. Ex Post Facto design was adopted and data for the study were obtained from the published annual financial reports of listed deposit money banks on the Nigerian Exchange Group (NGX) spanning from 2012-2022. The results of the study show that there is no difference in the direction of the effect of return on equity on corporate donation which is positive in the pre covid and in the post covid though both coefficients do not appear to be statistically significant. Also, there is also no difference in the direction of the effect of SP on corporate donation which is negative in the pre covid and in the post covid though both coefficients do not appear to be statistically significant 5% while there is a difference in the direction of the effect of ROA on corporate donation which is negative and significant in the pre covid and then positive and also significant in the post covid. The study therefore concludes that return on assets, return on equity and share price does not determine corporate donations of listed deposit money banks in Nigeria. In lieu of the findings of the study, the study recommends that corporate financial performance is a key determinant of corporate donations and the study recommends the need for tax authorities such as the FIRS to implement tax incentives for corporate donations that account for changes in profitability and financial performance. Tax incentives can encourage companies to maintain or increase donations regardless of short-term financial fluctuations

Keyword: *Firm Performance; Corporate Donations; Return on Assets, Return on Equity; Share Price.*

1.0 Introduction

Corporate donation is often a sub-set of CSR and is often included in the conceptualization of CSR by several researchers. Corporate donation is defined by Wartick and Wood (1998) as "a discretionary responsibility of a firm involving choosing how it will voluntarily allocate its slack resources to charitable or social service activities that are not business related and for which there are no clear social expectations as to how the firm should perform. According to Carroll (2021), this donation/philanthropy category of CSR is the most important because it represents businesses taking voluntary initiatives to help society on their own by spending or engaging company resources. Indeed, to some analysts, the philanthropic category is synonymous with CSR. Sometimes these voluntary initiatives are anchored in ethical logic and sometimes in strategic logic. The ethical logic would focus on altruistic motives for philanthropy. Philanthropic activities are perceived by businesses as self-imposed and voluntary, but publicly expected "responsibilities" as companies attempt to "give back to society" and/or be thought of by stakeholders as solid, reputable, corporate citizens. Thus, corporate philanthropy is either "desired" or "expected" by society's stakeholders. The magnitude and nature of these activities are voluntary or discretionary, guided only by business's desire to engage in social activities that are not mandated and not required by law, but are generally expected of business, sometimes in an ethical sense but often in a "good citizenship" sense (Carroll, 2021).

A key recognition that must be brought forward within the discourse for on understanding the drivers and determinant of corporate donation is the fact that donations are is still largely voluntary and unregulated especially in developing economies (Lamarche & Bodet, 2018; Agudelo et al. 2019). Therefore, given that CSR reporting is still largely voluntary by firms in Nigeria, it is clear that the decision to engage in corporate donations is largely discretionary and thus would be based considerable on cost-benefits evaluation by the firm. The aim of this research is to contribute to the debate on the role of corporate attributes as a driver of corporate donations in listed firms in Nigeria.

However, the study seeks to examine this issue within the context of COVID-19 pandemic. Without going into a complete history of the COVID-19 pandemic, it is useful to provide some preliminary realities about this issue. COVID-19 was declared a pandemic by the World Health Organization (WHO) on January 30, 2020 (Chauhan, 2020). By January 2021, close to 2 million people had died of the virus worldwide and some estimates run even higher as case reporting varies around the world (Overberg et al., 2021). The literature shows that the pandemic has dramatically affected stock returns (Al-Awadhi et al., 2020; Ashraf, 2020), investors' sentiment (Sun et al., 2021), risk (Zhang et al., 2020), and stock volatility (Sharif et al., 2020). However, entirely nothing is known about the extent to which COVID–19 may or may not have interacted with organisational attributes to influence corporate donations in Nigeria. Indeed, Soskis (2021) views the pandemic as a major test for "authentic" philanthropy, which has proven inconclusive to date. Hence, the need for the present study. To achieve this purpose, the following hypotheses were formulated:

H_{01}: Return on assets does not have significant effect on corporate donations pre, during and post COVID-19 in listed deposit money banks in Nigeria

H_{02}: Return on equity does not have significant effect on corporate donations pre, during and post COVID-19 in listed deposit money banks in Nigeria

H_{03}: Share price does not have significant effect on corporate donations pre, during and post COVID-19 in listed deposit money banks in Nigeria

This study includes several sections. Therefore, the remainder of this study is structured as follows: Section 2 deals with the overview of the current state of the relevant literature. This is followed by Section 3, which deals with the methodology and Section 4 presents and discusses the results, while Section 5 deals with conclusion and recommendations of the study.

2.0 Review of Related Literature

2.1 Conceptual Review

2.1.1. Corporate Donation

According to Carroll (2021), donation is initially conceived as discretionary or voluntary social responsibilities, the discretionary responsibility category was retitled "philanthropic" because virtually all of business's responses in this arena take place in the name of philanthropy or business giving. To many, this donation/philanthropy category of CSR is the most important because it represents businesses taking voluntary initiatives to help society on their own by spending or engaging company resources. Indeed, to some analysts, the philanthropic category is synonymous with CSR. Sometimes these voluntary initiatives are anchored in ethical logic and sometimes in strategic logic. The ethical logic would focus on altruistic motives for philanthropy.

According to Leisinger and Schmitt (2020), corporate donation in its original, altruistic meaning describes voluntary, active, non-reciprocal efforts (financial, organizational, human resources, etc.) by an entity with the sole purpose of benefiting human beings, or fulfilling an unmet social need, regardless of any specific 'return on investment' for the donor. Corporate philanthropy is needs-oriented and falls into Carroll's category of "purely ethical" because it is not based on economic, legal or political considerations. Corporate donation often goes far beyond what bottom-line duties require. It is one way to demonstrate what values the company stands for: making a difference and being part of the 'solution' even where turnover and profit are not increased.

However, in the absence of an actively pursued business case, corporate philanthropy depends predominantly on the social values, sensitivity and awareness of a firm's top management. It is part of management's value framework, company culture and core values. The values of decision-makers in companies are fundamental elements guiding corporate preferences: those managers who as private individuals value benevolence and welfare enhancement of the needy are likely to apply their intrinsic concern for others in the corporate context and support the company's engagement in corporate philanthropy (Leisinger & Schmitt 2020). While the primary purpose of

corporate donation tend to be altruistic, it can generate positive 'moral capital' among communities and stakeholders beyond the company's direct business relationships.

2.1.2 Corporate Financial Performance

According to Gasparetto (2004) one of the roles of accounting is to produce information on the business performance of a firm which refers to the extent to which a firm is able to accomplish its stated goals and objectives. These stated goals and objectives can be in the area of turnover - which is the actual sales value of a firm, market share which refers to the firm's total percentage of the total business transaction of the industry it belongs, profitability- which refers to the organization's capacity to generate profit and innovation which involves changing or adjusting an existing product into a new product; amongst others (Osisioma, Nnewi & Paul, 2015). Corporate financial performance may be measured from the perspective of monetary values which involves the use of financial-accounting information, and/or from the perspective of non-monetary information, but the most popular measure by which corporate performance is meas+ure in practice is the financial performance measures (Okafor, 2012). Measurement of financial performance can be based on profitability, liquidity, solvency, financial efficiency and repayment capacity (Karagiorgos, 2010, Omaliko & Okpala, 2023).

Financial Performance can simply be described as the firm's ability to generate earnings by the efficient and effective utilization of available resources over a given period. It reflects the financial condition and achievement of a firm for a certain period of time (Haryono & Iskandar, 2015). Financial performance is a composite of the firm's financial health and the process of measuring the results and achievement s of an organisation's operations in monetary terms. Corporate financial performance according to Orlitzky *et al*. (2003) has been basically measured in three forms: the accounting measurement which expresses an idea of the organisation's internal efficiency; market measurement which reveals the degree of shareholders' satisfaction; and survey measurements which reflects a kind of subjective estimation of the organization's financial performance. There are two main categories of corporate financial performance measures. The first category of measures is accounting-based measure while the second category is the market-based measure.

2.2 Theoretical Framework

2.2.1 Agency Theory

The agency theory is a well-known concept which forms the basis in explaining information asymmetry. The link between corporate governance and reporting emerges from Jensen and Meckling's (1976) agency theory framework under which it is assumed that management can exploit the information asymmetry to act in a manner that is contrary to the interests of shareholders (Rao & Tilt, 2013). In 1976 Jensen and Meckling introduced agency theory which suggests that self- interested individuals (agents) are 'opportunistic' (Aguilera, 2005, p.s41) hence less likely to protect the interests of principals (owners) and more likely to act in their own interests such as empire building, the consumption of corporate resources as perquisites, the avoidance of optimal risk investments, and manipulating financial figures to optimize compensation (Dey, 2008). In order to resolve such agency dilemmas corporate governance mechanisms have evolved

(Clarke, 2004) where shareholders use a range of governance mechanisms to ensure that agents act in the best interests of principals.

One way of mitigating such an agency problem is to reduce information asymmetry between management and shareholders (Donnelly & Mulcahy, 2008), and this is possible through one of the important qualities of governance, i.e. transparency/accountability. Transparency as an integral part of corporate governance (Htay et al., 2012) minimises the asymmetric information and ultimately enhances overall corporate disclosure. This relationship between governance, transparency and disclosure is well argued by Htay et al. (2012) who suggest that disclosure of information / transparency is an integral part of corporate governance as higher disclosure could reduce information asymmetry which not only clarifies the conflicts of interests between shareholders and management but also makes corporate insiders accountable. Given that boards of directors are major players in corporate governance, board composition is likely to have some influence on CSR. In general, an agency perspective is invoked to explain how higher-quality boards would be willing to be more transparent and accountable through greater voluntary disclosures, so as to reduce information asymmetry arising from the difference in ownership and management. In another view based on the agency theory of Jensen and Meckling (1976), the researchers Barnea and Rubin (2010) consider that the engagement between CSR and CG can be seen as a relationship between managers and shareholders (principal-agent). The authors agree that increasing in CSR expenditure can be consistent with firm value maximization in order to answer stakeholders' preferences.

2.3 Empirical Review

Omoike, Uwuigbe, Alege, Uwuigbe, Nosakhare and Asiriuwa (2022) study re-examines the relationship between firm share price performance and Corporate Social Environmental Reporting (CSER) initiatives in the wake of a global health pandemic. A comparative analysis was done between the contributions made by listed and non-listed firms in Nigeria towards the pandemic. A comparative analysis of the share price (SP) of listed companies was carried out before the announcement of the pandemic, after the announcement of the pandemic and COVID -19 contributions. A panel regression analysis was conducted. It involved a sample of 70 listed firms in the Nigerian Stock Exchange over a five-year period (2013-2017). The comparative analysis of contributions revealed that listed firms though fewer in number made significantly more contributions than unlisted firms. The study found significant drop in SP after the announcement of a pandemic by the World Health Organisation (WHO). The study also found that SP performance and firm size has a positive and significant relationship with CSER initiatives.

Abolo, (2022) investigated donation and financial performance of listed manufacturing companies in Nigeria. The study adopted ex-post facto survey research design. The population for the study is forty-four (44) listed manufacturing companies comprising of consumer goods, healthcare, and industrial goods as listed in the Nigerian Stock exchange 2019, while the sample size is thirty (30) listed manufacturing companies. The instrument of the study is secondary data obtained from the aforementioned company's financial statements and Nigeria Stock Exchange (NSE) from the period of 2013 – 2017. Pearson product moment correlation coefficient and multiple regression was used to test postulated null hypothesis. The study revealed that there is no significant

relationship between corporate social responsibility and financial performance of listed manufacturing companies in Nigeria. The study concluded that donation is key development strategy and practice that should be encourage by corporate organizations in Nigeria. The study recommended that listed manufacturing companies should see employee as assets to the organization, of which there must be returns on investment on them. If they incorporate this philosophy in their strategies it will improve on their return on Assets.

Ndubuisi-Okolo, Nwagbala, Akunroluyo, Nwankwo (2020) concentrates on social philanthropy and firm performance in Covid-19 pandemic in Nigeria. Specifically, the study sets out to determine the nature of relationship that exists between grant allowance and firm market share and to examine the effect of philanthropic donation on firm revenue generation. The study employed survey research design. The population of this study comprised of Staff of the thirty-four registered and unregistered Firms that contributed immensely to cushion the effect of the pandemic on both its employee and other firms. The total population of this study was six hundred and twenty-four (624). The sample size of one hundred and sixty (160) was arrived at using Taro Yamane formula (1964). Data were generated through structured questionnaire which is a primary data designed to elicit vital information from the respondents. The formulated hypotheses were tested using inferential statistical tools (Simple regression and Pearson Product Moment Correlation Coefficient). The results of the analyses revealed that there is a significant positive relationship between grant allowance and firm market share in Covid-19 pandemic in Nigeria.

Abdul and Ji (2020) investigate the relationship between corporate philanthropy and stock returns. To test the relationship, we took the philanthropy behaviour during COVID-19 by Chinese companies listed on the Shanghai stock market. The data for the donations were taken from companies' websites and news website. Stock returns data were taken from China stock market and accounting research (CSMAR) database. Total sample consists of 132 companies from all sectors. By employing the linear regression, it is found that there is linear relationship between philanthropy and stock returns. This study highlights the importance of Philanthropy behaviour during the time of crisis and may reduce the agency problem.

Alhassan (2020) examine the kind of relationship that exists between bank performance and CSR in Ghana. Also, to determine how bank size and profitability and it's listing status and foreign ownership influence CSR spending in Ghana. The study sampled 24 commercial banks over seven years from 2010 to 2016. The study analyzed data using statistical tools such as descriptive statistics, correlation analysis, and panel regression analysis. The study found out that engaging in CSR activities increases banks' profitability in Ghana, especially for ROE. Besides, the study concluded that bigger and larger banks are more profitable than small companies, so they are more involved in CSR activities. The study also investigated whether foreign ownership and the listing status of banks influence CSR spending. On this aspect, the study found out that banks' listing status influences CSR spending, but foreign ownership does not. The result implies that listed banks are more public and faces more social pressure hence they spend more on CSR to legitimize their operations.

Mariya (2019) examined the impact of determinant such as profitability, leverage, size, company visibility and foreign ownership on the level of CSR disclosure of Bulgarian listed companies. It

contributes to the existing literature in several ways. The determinants are tested by means of an Ordinary Least Squares (OLS) regression analysis on a sample of 51 Bulgarian listed firms. The empirical results show that profitability has a significant positive impact on the level CSR disclosure of Bulgarian listed firms. In addition, some support is found for a positive and significant relationship of debt, size and foreign ownership with CSR or its subtypes social or environmental disclosure. Contrary to expectations, the regression results do not provide support for company visibility as a determinant of corporate social responsibility (CSR) disclosure.

3.0 Methodology

This study utilizes *ex post facto* and longitudinal data design which is seen as a combination of both cross-sectional and time-series design properties. Ex *post facto* design is employed to study the independent variable possible changes to and effect on the dependent variable. The researcher under *ex post facto* design takes data as they are and try to discover possible links or cause-effect relationship. Longitudinal design on the other hand is a method of studying sample units periodically observed over a defined time frame. Thus, the study used the entire population of the study. On this basis, a total of 14 listed deposit money banks made up our sample size. Out of the 14 banks that formed our sample size, 2 banks (Jaiz Bank Plc and Unity Bank Plc) have empty financial information within the period under review and were removed. Based on this, a total of 12 banks were used. The data was collected from the annual accounts and annual accounts of the sampled banks. Panel regression model was used to examine the relationship between firm performance and corporate donations in Nigerian banks.

3.1 Operationalization and Measurements of Variables

The definitions and measurements of dependent and independent variables inherent in the study is presented on table 1 as thus:

Table 1: Definition and Measurements of the Variables

Variable	Measurement	Sources	A Priori Expectations
Independent			
Return on assets (ROA)	Profit after tax/ total Assets	Ansong (2020),	+
Return on equity (ROE)	Profit after tax/ total equity	Okezie (2019)	-
Share price (SP)	End of year share prices	Chan and Nurul (2016), Omaliko, Akwuobi and Sunday (2023)	-
Dependent			

Corporate Donations (CORD)	Donations made by companies as disclosed in annual reports as a ratio of total assets.	Al-Akayleh, and Saaydah,(2022),

Source: Researcher's Compilation (2024)

3.2 Model Specification

In-line with the previous studies, the study developed and designed a model to examine the impact of firm performance on corporate donations for listed banks in Nigeria. The functional form is first presented below;

CORD=f(ROA, ROE, SP) ---(1)

Specifying the functional model into an econometric form, we have

$CORD_{it} = \beta_{it} + \beta_1 ROA_{it} + \beta_2 ROE + \beta_3 SP_{it} + \varepsilon_{it}$ --- (2)

Where:
CORD = Corporate Donations.
ROA = Return on Assets
ROE = Return on Equity
SP = Share Price μ = Stochastic Term
$\beta_1 - \beta_3$ = Coefficient of Regression Equation
β_0 = Constant coefficient (intercept) of the model
Decision Rule: accept Ho if P-value > 1%-5% significant level otherwise reject Ho

4.0 Data Presentations and Analysis

Table 2: Descriptive Statistics

	Mean	Median	Max	Min	Std. Dev.	J.B	Prob
CORD	109.53	9.50	2631.91	0	320.82	6094.35	0.00
SP	23.45	1.99	1469.9	0.2	134.09	62996.46	0.00
ROA	0.08	2.33	27.8	-179.92	19.36	18987.57	0.00
ROE	0.37	8.64	176.73	-724.73	90.20	7967.76	0.00

Source: Researcher Compilation, 2024

Table 2 shows the descriptive statistics and as observed, donations as a ratio of total assets (CORD), has a mean of 109.53m with maximum of 2631.91m and minimum of 0 respectively which implies that for the study period, banks made and disclosed their donations. The standard deviation is quite large at 320.8 and indicates considerable dispersion of donations from the mean.

SP has a mean of 23.45 with maximum and minimum values of 1496.9 and 0.2 respectively. The standard deviation is also high and thus reflects considerable deviation from the mean value and this is expected as financial market indicators are very open to volatility and random walks. The average return on assets (ROA) for the sample is positive at 0.08 which indicates that on the average and over the study period, asset efficiency in generating returns is about 8%. The average

return on equity (ROE) for the sample is positive at 0.37 which indicates that on the average and over the study period, management efficiency in the use of equity in generating returns is about 37%. The standard deviation is also high and thus reflects considerable deviation from the mean value.

Table 3: Variance Inflation Factor Test

	VIF	*1/VIF*
SP	1.60	*0.6241*
ROA	1.56	*0.6417*
ROE	1.29	*0.836*

Source: Researcher's compilation using Stata 14

Table 3 Shows the VIF results for the variables in the research. A formal method for determining the presence of multicollinearity is the variance inflation factor (VIF). VIF's measure how much variances of estimated regression coefficients are inflated when compared to having uncorrelated predictors. Usually, the largest VIF is taken to be a measure of the seriousness of the multi-collinearity among the predictors, VIF > 10 indicating that multi-collinearity is unduly affecting the least squares estimates of the regression coefficients. From table 3, none of the variables show VIF values >2 which implies that the occurrence of multi-collinearity is strongly unlikely in the regression model.

4.1 Panel Regressions

The study utilized the Panel regression analysis using Generalized Least Squares (GLS) technique. The reason for the panel regression was that it had the additional advantage in that it allowed for the examination of variations among cross-sectional units simultaneously with variations within individual units over time. Thus, omitting relevant unobservable factors would mis-specify the model from the econometric standpoint and inevitably produce biases (or inconsistent).

Table 4: Firm Performance and Corporate Donation

	Pre- Covid		*Post-Covid*	
	Fixed effects	***Random effects***	***Fixed effects***	***Random effects***
C	126.79	101.764	115.675	120.8207
	(6.035)	(28.603)	(5.0764)	(42.999)
	{0.000}	{0.000}	{0.000}	{0.008}
ROA	-1.378	-3.224	0.225	0.912
	(0.606)	(2.951)	(0.077)	(4.374)
	{0.0272}	{0.278}	{0.007}	{0.836}
ROE	0.043	-0.0315	0.0015	0.308
	(0.055)	(0.296)	(0.014)	(0.581)
	{0.436}	{0.9154}	{0.9161}	{0.599}

SP	-0.249 (0.154) {0.1109}	-0.0791 (0.068) {0.248}	-0.473 (0.2506) {0.0689}	-0.872 (1.004) {0.390}
AR (1)	-0.346 (0.089) {0.000}			
R^2	0.46	0.046	0.459	0.026
Adjusted R^2	0.31	0.009	0.198	0.006
Durbin-Watson	2.1	2.5	2.1	1.5
Hausman	11.7543(p-value=0.000)		8.6345(p-value=0.000)	
F-statistic	2.966	1.256	1.760	0.362
Prob(F-statistic)	0.002	0.295	0.076	0.781

Source: Researcher's compilation (2024)

4.2: Discussion of Findings.

Table 4 shows the regression results for the effect of corporate financial performance on corporate donations. The fixed effects results do not show any significant difference in the R^2 for both the pre and post covid estimation sample. This implies that corporate financial performance is equally an important driver of corporate donations in both periods and that despite the potential changes in the economic landscape or business environment due to the COVID-19 pandemic. Also, the relationship between financial performance and corporate donations appears to be consistent and stable over time. However, looking at the estimation coefficients for the explanatory variables, there is a difference in the direction of the effect of ROA on corporate donation which is negative and significant in the pre covid (-1.378, p=0.027) and then positive and also significant in the post covid (0.225, p=0.007). This reversal in the relationship could indicate changes in corporate behavior or priorities in response to the pandemic. Furthermore, there is no difference in the direction of the effect of ROE on corporate donation which is positive in the pre covid (0.043) and in the post covid (0.0015) though both coefficients do not appear to be statistically significant. Finally, there is also no difference in the direction of the effect of SP on corporate donation which is negative in the pre covid (-0.249) and in the post covid (-0.473) though both coefficients do not appear to be statistically significant 5%. Consequently, the hypothesis (H_0) that corporate financial performance (ROA, ROE and Share Price) has no significant impact on corporate donations pre, during and post COVID-19 in listed Nigerian Banks is accepted.

Though there are no similar studies that have examined and compared pre and post covid estimates for these variables, we attempt to situate our results within the broader body of literature on corporate social responsibility. In this light, our findings are in tandem with Omoike, Uwuigbe, Alege, Uwuigbe, Nosakhare and Asiriuwa (2022) study re-examines the relationship between firm share price performance and corporate social environmental reporting (CSER) initiatives in the wake of a global health pandemic. The study found significant drop in SP after the announcement of a pandemic by the World Health Organisation (WHO). The study also found that SP

performance has a positive and significant relationship with CSER initiatives. Ndubuisi-Okolo, Nwagbala, Akunroluyo, Nwankwo (2020) concentrates on social philanthropy and firm performance in Covid-19 pandemic in Nigeria. The results of the analyses revealed that there is a significant positive relationship between grant allowance and firm market share in Covid-19 pandemic in Nigeria. Dian, Nurkholis, Roekhudin (2019) assessed the determinants of corporate social responsibility. This research employs multiple linear regression analysis, and the assessment on the corporate social responsibility disclosure uses the indicators of GRI G4. This study finds that profitability has significant effects on corporate social responsibility disclosure. Okezie (2019) investigated determinants of corporate social responsibility practices of listed firms in Nigeria. The result showed that profitability was found to exhibit a negative relationship with corporate social responsibility disclosure. Mohammed, Ali and Zahra'u (2018) examined the determinants of Corporate Social Responsibility (CSR) of listed Cement Industry in Nigeria. The findings of the study revealed that profitability, positively and significantly influence the CSR practice of listed Cement Industry in Nigeria.

5.1 Conclusion and Recommendation

The results of the study show that there is no difference in the direction of the effect of return on equity on corporate donation which is positive in the pre covid and in the post covid though both coefficients do not appear to be statistically significant. Also, there is also no difference in the direction of the effect of SP on corporate donation which is negative in the pre covid and in the post covid though both coefficients do not appear to be statistically significant 5% while there is a difference in the direction of the effect of ROA on corporate donation which is negative and significant in the pre covid and then positive and also significant in the post covid. The study therefore concludes that firm financial performance does not determine corporate nations in listed deposit money banks in Nigeria. In lieu of the findings of the study, the study recommends that corporate financial performance is a key determinant of corporate donations and the study recommends the need for tax authorities such as the FIRS to implement tax incentives for corporate donations that account for changes in profitability and financial performance. Tax incentives can encourage companies to maintain or increase donations regardless of short-term financial fluctuations.

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