Effects of Corporate Social Responsibility on Financial Performance of Manufacturing Companies in Nigeria

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ABSTRACT

This study investigated the effect of corporate social responsibility on financial performance of quoted manufacturing companies in Nigeria. Specifically, the study assessed the effect of corporate social responsibility on the financial performance (return on assets, earnings per share, dividend per share and return on equity) of listed companies in Nigeria. The study used secondary data obtained from the company's annual reports for the period of 5years (2016 to 2020). The conclusion of the work is that corporate social responsibility played a significant role in enhancing the financial performance of quoted manufacturing firms. This study thereby concludes that, manufacturing firms should give enough attention to their corporate social responsibility in order to enhance their overall financial performance. The study hereby concluded that; Government needs to put machinery in place to monitor firms' investment in CSR so as to serve as motivation for their involvement in social responsibility activities, particularly in their immediate environment; CSR projects should be well structured and implemented for maximum effect. This would enhance the well being of the beneficiaries; Companies should liaise with community head to identify areas or opportunities available to them to better the lives of the people through the

provision of social amenities. The government should come up with clearly defined regulation on how to go about social responsibility issues of the companies and should ensure its full implementations

Introduction

Corporate Social Responsibility (CSR) is seen as a duty of every corporate body to protect or guard the interest of the society at large as well as serving as a self-regulating business model that helps a company to be socially accountable to itself, stakeholders and the public. Corporate Social Responsibility (CSR) as a concept has attracted worldwide attention and acquired a new significance in the global economy (Akinyomi,2013). Therefore, "Corporate Social Responsibility is defined as the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large"(by Lord Holme and Richard Watts). CSR is concerned with treating the stakeholders of the firm ethically or in a socially responsible manner. Stakeholders exist both within a firm and outside. The aim of social responsibility is to create higher and higher standards of living, while preserving the profitability of the corporation, for its stakeholders both within and outside the corporation. (Hopkins, 2013) From this definition we see that ethical behavior is in the eye of the beholder and, like beauty, we know it when we see it because they are the accepted principles of right and wrong and are more or less morally approvable. On the other hand, the stakeholders of a company are those who have legitimate interest in the company and they include those within the company: the board of directors, shareholders, investors,

managers and employees; and outside the company: suppliers, customers, the natural environment, government, and local community. It is believed that a strong CSR makes a company to be conscious of the kind of impact it is having on the society including economic, social and environmental thereby helping us to know the performance of manufacturing companies. In today's economic and social environment, issues related to social responsibility and sustainability are gaining more and more importance, especially in the business and manufacturing sector. Business goals are inseparable from the societies and environments within which they operate.

McWilliams and Siegel (2001:117) describe CSR as "actions that appear to further some social good, beyond the interest of the firm and that which is required by law." A point worth noticing is that CSR is more than just following the law (McWilliams & Siegel, 2001). Every organization should take a step forward and adopt policies and business practices that go beyond the minimum legal requirements and contribute to the welfare of its key stakeholders. Each company differs in how it implements corporate social responsibility, if at all it does and that affects the performance of the business. The differences depend on such factors as the specific company's size, the particular industry involved, the firm's business culture, stakeholder demands, and how historically progressive the company is in engaging CSR. Some companies focus on a single area, which is regarded as the most important for them or where they have the highest impact or vulnerability let's say human rights, for example, or the environment, while others aim to integrate CSR in all aspects of

their operations. For successful implementation, it is crucial that the CSR principles are part of the corporation's values and strategic planning, and that both management and employees are committed to them. Furthermore, it is important that the CSR strategy is aligned with the company's specific corporate objectives and core competencies. However, previous studies have observed that although the concept of CSR has been recognized as an important ingredient for business success, the relationship between CSR and companies' financial performance has been inconclusive, controversial and open to further research (Lee and Park, 2015; Wijesinghe and Senaratne, 2016).

According to Friedman (1970:100), in a free society, "there is one and only one social responsibility of business that is to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game (i.e. ethical standards), which is to say, engages in open and free competition without deception or fraud." These and more are seen as necessary activities for growth in the business. Corporate Social Responsibility (CSR) can therefore be understood as a management concept and a process whereby companies integrate social and environmental concerns in their business operations and in their interactions with the full range of their stakeholders on a voluntary basis. (European Commission, 2011) Promoters of CSR have argue that organizations should integrate economic, social and environmental concerns into their business strategies, their management tools and their activities, going beyond compliance and investing more on human, social and environmental capital (Belal and Momin, 2019; Perrini, 2016)

term. These costs might involve the purchase of new environmentally friendly equipment, the change of management structures, or the implementation of stricter quality controls. Since being socially responsible involves costs, it should generate benefits as well in order to be a sustainable business practice. A corporation could not continue a policy that constantly generates negative cash flows or loss. The shareholders invest their money in a corporation, expecting the highest possible risk adjusted returns. Therefore, being socially responsible should have positive returns or benefits in order to be sustainable.

Companies which seem to have a strong CSR commitment often have an increased ability to attract and to retain employees (Turban & Greening 2017), which leads to reduced turnover, recruitment, and training costs. There are some other issues that are to be considered under CSR and they include the firm's commitment to act correctly so that its actions may work with the development of the society. Another issue is referred to meeting the stakeholder's (owners) needs. The third is to move a step forward from what is established by law. Companies that better their working conditions and labor practices also experience an increase in productivity and reduced error rates. Regular controls in the production facilities throughout the world ensure that all the employees work under good conditions and earn living wages as well. These practices are costly, but the increased productivity of the workers and improved quality of the products generate positive cash flows that cover the associated costs. Thus, firms may actually benefit from socially responsible actions in terms of employee morale and productivity (Moskowitz, 1972; Parket&Eibert, 1975;

The field of corporate social responsibility (CSR) has grown quite well over the last decade although there are different views of the role of the firm in society and disagreement as to whether wealth maximization should be the only goal of a corporation. Through corporate social responsibility we have seen that economic power has shifted to the corporations, that is should have an increasing role in and responsibility for addressing social problems. Acknowledging the fact that the government sets the regulations and the minimum standards for the workplace, but a company can further improve the work environment and the quality of living of its employees which is where social responsibility comes in as an important factor. A firm cannot ignore the problems of the environment in which it operates. The poverty of a nation state's citizens, political unrest, and the exhaustion of natural resources can have destructive and negative effects for a corporation. Let's take for instance as a manufacturing company resources that are inputs in the production process and which, at the beginning of the industrial revolution, were abundant, are now in many regions of the planet scarce, polluted, or diminishing. Naturally, this imposes an extra cost to the corporations and may force them to relocate or to cease operations. Researchers perspective differ in the sense that from one perspective we can see that companies may be poorly equipped to address some of the social or environmental problems, but from another perspective, no matter how poorly equipped, companies may still be best positioned to solve the problems posed for them.

Adoption of the CSR principles involves costs. These costs might be short term in nature or continuous outflows that is long

Soloman& Hansen, 1985). Most firms are too busy going after short-term financial benefits thereby tend to ignore the strategic value of CSR to them. The issue at hand is therefore, to make corporate organizations understand how social responsibility impact on business performance at various levels of the organization. The following hypothesis will guide the study

Hypothesis 1:H_0= Corporate social responsibility expenditure donation does not affect the return on assets of key Quoted manufacturing companies in Nigeria.

Hypothesis 2:H_0= There is no significant relationship between corporate social responsibility expenditure on provision of amenities and earning per share of Quoted manufacturing companies in Nigeria.

Hypothesis 3:H_0 = Taxation has no significant relationship with dividend per share of Quoted manufacturing companies in Nigeria.

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Review of Literature

Concept of Financial Performance

Neely et al (1995) define performance system as "the set of metrics (standards) used to quantify both the efficiency and effectiveness of actions" (p. 81). Therefore, 'Financial Performance' can be seen as a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. This term could be used as a general measure of a fm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry. Financial performance is one of the most studied indicators of the strategic value of CSR (Orlitzkyet al., 2013). Margolis and Walsh's (2011) meta-analysis found that 55% of the 160 studies examined identified a positive relationship between CSR and financial performance, 22% reported no relationship, 18% found a mixed relationship and 4% a negative relationship. Orlitzkyet al. (2013) conducted another meta-analysis and found similar results. These studies entail credibility to the widely accepted notion that being socially responsible would, in most cases, improve a firm's financial performance. Indeed, Aguilera et al. (2007) recently called for closure of the debate on the relationship between CSR and financial performance, arguing that there is over whelming evidence of a positive and significant association between the two.

A number of arguments and rationales have been advanced as to why CSR has a positive impact on financial performance (Allouche and Laroche, 2016). One of the prominent arguments is that the ways in which a firm satisfies its stakeholders and communicates CSR activities to stakeholders can affect the firm's

financial performance. Orlitzky et al. (2013, p. 405) noted that "the satisfaction of various stakeholder groups is instrumental for organizational financial performance". Therefore, one might argue that in emerging economies, as is the case in Ghana, the link between CSR and a firm's financial performance is dependent on stakeholders' perceptions of and subsequent reactions to CSR efforts. Stakeholders' reaction to CSR efforts is mediated by the availability and intensity of information on CSR initiatives and preferences of stakeholder's relative to available alternatives (Schuler and Cording, 2016). Hartman et al. (2017) argued that notwithstanding the motivation for the engagement, firms must ultimately communicate their rationale for CSR engagement to stakeholders.

Return on Assets

Return on assets is a profitability ratio that provides how much profit a company is able to generate from its assets. In other words, return on assets (ROA) measures how efficient a company's management is in generating earnings from their economic resources or assets on their balance sheet. ROA is shown as a percentage, and the higher the number, the more efficient a company's management is at managing its balance sheet to generate profits. Therefore, a high ROA therefore is a sign of solid financial and operational performance. The simplest way to determine ROA is to take net income reported for a period and divide that by total assets. To get total assets, calculate the average of the beginning and ending asset values for the same time period.

ROA = Net Income/Total Assets

Some analysts take earnings before interest and taxation, and divide over total assets:

ROA = EBIT/Total Assets

This is a pure measure of the efficiency of a company in generating returns from its assets without it being affected by management financing decisions. Either way, the result is reported as a percentage rate of return. A falling ROA is a sign of trouble around the corner, especially for growth companies. Striving for sales growth mostly means major upfront investments in assets, including accounts receivables, inventories, production equipment and facilities. A decline in demand can leave an organization high and dry and over-invested in assets it cannot sell to pay its bills. The result in turn can be a financial disaster.

Earnings Per Share (Eps)

Earnings per share are simply the net earnings of the company earned on one share. EPS is the monetary value of earnings per outstanding share of common stock for a company. It is seen as the bottom line on an income statement that shows a company's total net income divided by its shares outstanding. The income statement is broken down into four parts. First, the company's direct costs which results in net revenue and gross margin. Secondly, a look at indirect costs which results in operating income, also known as earnings before interest and tax (EBIT), and operating margin. Thirdly, the net income which is the company's earnings after subtracting interest and tax from EBIT. Lastly, a full breakdown of earnings per share. Earnings per share (EPS) is an important financial measure, which indicates the profitability of a

company. The higher the earnings per share of a company, the better its profitability. While calculating the EPS, it is advisable to use the weighted ratio, as the number of shares outstanding can change over time.

Mathematically, EPS=Net Income after Tax/Total Number of Outstanding Shares On the other hand; Weighted earnings per share= (Net Income after Tax - Total Dividends)/Total Number of Outstanding Shares. The final portion of the income statement which focuses on earnings per share breaks out the earnings in two ways. Public companies report basic earnings per share and diluted earnings per share. Basic earnings per share is generally the net income divided by the free float, active shares in the market. The diluted earnings per share is the net income divided by the total shares available including free float and convertible shares. Companies and the media usually focus on the diluted earnings per share.

Dividend Per Share

A dividend is the share of profits and retained earnings a company pays out to its shareholders. When a company generates a profit and accumulates retained earnings, those earnings could either be reinvested in the business or paid out to shareholders as a dividend. The annual dividend per share divided by the share price is the dividend yield. Dividend Per Share (DPS) is the total amount of dividend attributed to each individual share outstanding of a company. Calculating the dividend per share endeavors for an investor to determine how much income from the company he or she will receive on a per share basis. Dividends are usually a cash

payment paid to the investors in a company, although there are other types of payment that can be received

Return On Equity (ROE)

The return on equity ratio is a profitability ratio that measures the ability of a firm to generate profits from its shareholders investments in the company. ROE is also an indicator of how effective management is at using equity financing to fund operations and grow the company. It is therefore as,

ROE=NET INCOME/SHAREHOLDER'S EQUITY

Most of the time, ROE is computed for common shareholders. In this case, preferred dividends are not included in the calculation because these profits are not available to common stockholders. Preferred dividends are then taken out of net income for the calculation. Also, average common stockholder's equity is usually used, so an average of beginning and ending equity is being calculated. Return on equity measures how efficiently a firm can use the money from shareholders to generate profits and also grow the company. ROE is a profitability ratio from the investor's point of view and not the company. In other words, the ratio calculates how much money is made based on the investors' investment in the company, not the company's investment in assets or something else.

Investors want to see a high return on equity ratio because this indicates that the company is using its investors' funds effectively. Higher ratios are almost always better than the lower ratios, but have to be compared to other companies' ratios in the industry. Since every industry has different levels of investors and income, ROE cannot be used to compare companies outside of their

industries very effectively. Many investors also choose to calculate the return on equity at the beginning of a period and the end of a period to see the change in return. This helps keep track of a company's progress and ability to maintain a positive earnings trend.

The Concept of Corporate Social Responsibility (CSR)

The term Corporate Social Responsibility has no one or particular definition as different scholars at various times try to give their own definition based on the perception of the concept. However, we will attempt to define it by looking into various works by different scholars. Buckstein (Retrieved, 2016) in his work states that "there is no exact definition of Corporate Social Responsibility (CSR), nor is there an accepted single method or approach that all companies need to follow. There are multiple variables that could be incorporated into an action plan. Firms must, therefore, develop their own definition of what CSR entails, and formulate an action plan to execute their operations in a socially responsible manner towards their vast network of internal and external stakeholders, including employees, shareholders, creditors, analysts, and the local community". Corporate Social Responsibility sees to those management philosophies, policies, procedures and actions that have the advancements of society's welfare as one of their primary objectives (Boone and Kurtz, 1987).

Prieto-Carrón et al. (2015) says that "according to one of the most frequently cited definitions, CSR is 'a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders

on a voluntary basis. In his work Palmer (2017) also made a very good attempt in defining CSR. He said that, with so many conflicting interests and goals of stakeholders, the definition of CSR is not always clear. For the purpose of his study, he defined CSR as "actions that appear to further some social good, beyond the interest of the firm and that which is required by law." In this definition, voluntary aspect of CSR is also emphasized while he further maintained that it is beyond the interest of the firm. It is obvious that not every CSR carried out by a company is beyond their interest, in fact we will say that it is as much their interest since it will boost the perception of the company in the eye of the host community, it will bring about a relative peace which will enable the company to operate peacefully and avoid loss of man hour and high security cost due to risk of invasion by the host community.

Even though corporate social responsibility has a lot of voluntary services, we should not forget that there are legally binding laws that can enforce some CSR if the companies refused to carry out its corporate social responsibility. In fact, the word responsibility says it all as you are obligated to do something. The researcher therefore defines corporate social responsibilities as those social and environmental services or activities that must be undertaken by a company to make easy the operations of a business as well as bring about the wellbeing and sustainability of the company, people and the environment in the area they operate thereby affecting the entire society at large.

Theoretical Framework

This study aims to use stakeholder theory to analyze the

financial performance of quoted manufacturing companies.Even though the stakeholder concept has been extensively researched over the past two decades it is frequently defined as the 'opposite' to the shareholder (or stockholder) model.Other stakeholder theorists summarize the two basic principles defining the stakeholder concept as follows: “that to perform well, managers need to pay attention to a wide array of stakeholders, and that managers have obligations to stakeholders which include, but extend beyond, shareholders” (Jones et al., 2012, p.20). From a rather business-driven perspective, stakeholder theory interest lies in three premises: “organizations have stakeholder groups that affect and are affected by them; these interactions impact on specific stakeholders and the organization; and perspectives of salient stakeholders affect the viability of strategic options” (Haberberg and Rieple, 2011,p.74; Simmons, 2014). However, the stakeholder theory does not reject profitability as a corporate purpose, but rather widens the shareholder model. The stakeholder approach recognizes the legitimate claim of shareholders, but challenges the idea that shareholders should be either the only claimants or the privileged ones over the interests of other legitimate claimants (Hummels, 2008; Emiliani, 2011).

Empirical Review

Empirical studies conducted so far provide conflicting results on the relationship between CSR practices and firms' financial performance with some studies showing a positive relationship and others also showing a negative relationship. In few other cases, no relationship was reported. However, the largest

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number of investigations found a positive relationship. Makni, Francoeur &Bellavance (2018) is an assessment of the causal relationship between corporate social performance and financial performance of 179 publicly held Canadian firms for 2004 and 2005 using Granger causality approach. No significant relationship was found between a composite measure of a firm's corporate social performance and financial performance, except for market returns. On the other hand, using individual measures of corporate social performance, the result provided a robust significant negative impact of the environmental dimension of corporate social performance and three measures of financial performance (return on assets, return on equity and market returns). Also in North America, Fauzi (2019) reports an investigation of the relationship between CSR and financial performance of a sample of 101 companies listed on the New York Stock Exchange. Using a regression model, the study reveals no significant relationship between corporate social responsibility and firm performance. It also provides evidence of leverage (a control in the model) having a moderating effect on the interaction between corporate social responsibility and financial performance variables. Results from African data have also been very helpful. Cheruiyot (2011) utilized data of 47 listed firms in Nairobi Stock Exchange to carry out a cross-sectional study on the relationship between CSR index and firm performance proxies (return on assets, return on equity and return on sales). The result revealed a statistically significant relationship between CSR and financial performance. A later study (Mwangi &Oyenje, 2013) investigated the relationship between CSR practices and financial performance of 10 firms in the

manufacturing, construction and allied sector of the Nairobi Stock Exchange for the period 2007-2011. The results indicate an insignificant positive relationship between corporate social responsibility practice and financial performance. Using individual measures of corporate social responsibility practice, the study provides additional result of a significant and inverse relationship between financial performance and manufacturing efficiency.

In a Nigerian study, Uadiale and Fagbemi (2017) focused on forty listed companies to evaluate the impact of corporate social responsibility activities on financial performance (return on asset and return on equity). Their results showed that CSR had a positive and significant relationship with the financial performance measures. In a smaller study, Okafor and Oshodin (2017) examined the relationship between CSR and companies' performance for 20 Nigerian listed firms for three years: 2008 to 2010. The ordinary least squares (OLS) method was used to estimate the coefficient of the independent variables. The results revealed a positive and insignificant relationship between profitability and companies' contribution towards education and health; and negative but insignificant relationship between profitability and communities' development investment by companies. Babalola (2017) utilized a similar method to explore the relationship between CSR and the' profitability of 10 randomly selected listed firms in Nigeria for the period 1999-2008. Findings revealed that the firms invested less than 10% of their annual profit to social responsibility activities. However, a negative but insignificant relationship was found between corporate social responsibility and financial performance. Nuryaman (2013) conducted a study using 100 manufacturing

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companies listed on the Indonesian Stock Exchange (IDX) for the period 2010. The study tried to determine the effect of disclosure activities of Corporate Social Responsibility (CSR) on corporate performance. The following operational performance measures were used to measure corporate performance: return on assets (ROA) and net profit margin (NPM), as well as the company's market performance as measured by its share price. The study results show that disclosure of Corporate Social Responsibility (CSR) has a significant effect on company profitability as measured by ROA and NPM, and a positive influence of CSR on stock prices.

More recent studies include Mubeen &Arooj (2014), Alshammari (2015) and Samra, Shahid & Farzana (2015). Mubeen and Arooj (2014) studied the impact of CSR on shareholders' wealth and financial performance of 10 firms that are highly rated for CSR activities and 10 Non-CSR firms. Using accounting measures (ROE and ROA) as proxies for financial performance and earnings per share (EPS) and stock price and CSR measures, the authors found a significant positive relationship between CSR and shareholder's wealth and financial performance. Alshammari (2015) used the propositions of institutional theory, stakeholder perspective and ownership framework on CSR to explore the relationship between firms' social performance and the financial performance of the firm. It explored the moderating effect of both corporate reputation as a proxy for firm social activities' publicly and the institutional investors in the firm. The study suggests that corporate ownership structure, as well as corporate consistent reputation will have influence on the extent to which a firm may benefit from its CSR activities and firm performance.

Samra, Shahid and Farzana (2015) investigated the impact of CSR practices on the financial performance of10 Pakistani listed firms operating in the oil & gas sector for the period 20062013. The CSR spending of the companies were used as proxy for CSR while net profits, net profit margin and total assets were used as surrogates for financial performance. Correlation and regression results reveal a positive but insignificant relationship between CSR and all the performance measures.

Material and Methods

To achieve the objective of this research, the Ex post facto research design was adopted for this study. This is because data needed for analysis is already in existence and the data were sourced from financial statements and company's annual reports from the selected manufacturing firms in Nigeria. The study will cover five companies with time series rather than cross-sectional data being used. Data relating to the financial statements from the companies will be collected for the years 2015-2019.The population of this study consist of all companies listed on the Nigerian stock exchange which consist of 144 companies

Sampling Size and Sampling Technique

The population of this study is the sample size. The study made use of the judgmental sampling technique because it is based on the opinion of the expert and convenience because of the convenient accessibility of information by the researcher, also companies are chosen from various industries in Nigeria which shows adequate coverage. The researcher purposively picked a sample of five (5) companies quoted on the Nigerian Stock

Exchange based on the availability of their financial statement from 2015 – 2019; only companies with consistent financial statement on the NSE were used namely; Cadbury Nigeria Plc., Dangote Flour Mill, Honeywell Flour Mills, Nestle Foods Nigeria Plc. and Unilever Nig. Plc. The reason for the choice of these companies is because these companies are old in operations and adequate data can be obtained in which results obtained will represent the whole economy. Hence, it's been deemed fit by the researcher to draw from these companies and believes that any information which comes from these is expected to be effective in achieving the objectives of this study.

The research employs only quantitative method of data analysis. This was done in four folds: firstly, the descriptive analysis was performed using the mean, maximum, minimum, skewness, kurtosis and the probability of jarque-berra statistics. This is with the aim of describing the data set to determine the normality of the series. Thus, p-value of Jarque Berra statistics higher than the acceptable level of significance of 5% implies that the series is normally distributed. Since normality of series is one of the fundamental assumptions of performing Ordinary Least Square (OLS) regression, all the series were tested, and if not normally distributed, the natural logarithm of the affected series were used in estimating Ordinary Least Square (OLS) regression.

Secondly, trend analysis was carried out to determine the trend of each of independent variable on the dependent variable. Thirdly, the study examined the relationship between each of the measures of corporate social responsibility and financial performance of companies through correlation analysis. Lastly, the

study employed the simple linear regression analysis which was used to determine the extent to which each of independent variables contributes to the dependent variable and coefficient of determination (R^2) was employed to know the degree to which each of the independent variable explained the effect on financial performance on the various companies. Furthermore, the adjusted R- square was used to explain the degree to which the independent variables combined affect the variations in financial performance for the period of study.

Data Presentation

This research makes use of secondary data which were obtained from the Nigeria Stock Exchange Annual Report Publication (2020). The data collected are presented in the table below.

Table1. This table shows the Return on Assets, Earnings per Share, Dividend Per Share, Return on Equity and Corporate Social Responsibilities of Cadbury Nigeria, Dangote Plc, Honeywell, Nestle Nigeria and Unilever Nigeria Plc between the period of 2016 to 2020. Nestle Nigeria and Unilever Nigeria Plc between the period of 2016 to 2020.

COMPANIES	YEARS	ROA	EPS	DPS	ROE	CSR
CADBURY	2016	4.20	0.45	0.00	3.55	1.5
	2017	3.95	0.81	0.24	3.30	2.7
	2018	4.83	1.08	0.36	3.40	8.4
	2019	5.73	106	41.3	4.39	5.7
	2020	6.00	61	29.5	5.21	6.6
DANGOTE	2016	3.12	100.1	-	2.88	1.0
	2017	3.74	211.5	-	3.01	1.5
	2018	4.00	158.66	-	3.01	1.8
	2019	4.45	124.40	-	3.09	2.1
	2020	5.10	135.45	-	4.35	5.8
HONEYWELL	2016	3.44	31.43	13.00	2.39	2.2
	2017	3.90	34.08	15.00	3.33	3.9
	2018	4.12	35.86	14.00	3.95	4,2
	2019	5.12	42.26	17.00	4.44	4.7
	2020	6.10	14.13	5.00	5.25	5.3
NESTLE	2016	3.22	21.21	10.33	4.01	22.1
	2017	2.85	3.21	2.00	1.70	37.0
	2018	4.05	3.14	17.50	2.00	35.8
	2019	1.78	28.05	34.00	3.14	45.5
	2020	5.43	29.95	27.50	3.80	50.0
UNILEVER	2016	1.25	1.46	0.75	1.30	6.2
	2017	1.70	1.48	1.40	1.55	10.5
	2018	3.10	1.27	1.25	2.55	45.6

Source: NSE Annual Report Publication, 2020.

Summary of Descriptive statistics

The summary statistics of the explained and the explanatory variables are presented in Table 4.2 where minimum, maximum, mean and standard deviation of the data collected for the variables in the study are described.

Table 2: Descriptive Statistics of the Variables

The descriptive statistics of the four models of the study are given in the following tables:

Table 2: Descriptive Statistics of Model 1

Variables	***Min.***	***Max.***	***Mean***	***Std. Dev.***	***N***
CSR	14.49	21.20	18.5729	1.32040	20
ROA	-0.11	0.06	0.0128	0.02765	20
EPS	0.45	0.05	0.3333	0.37329	20
DPS	0.10	0.22	0.1047	0.29624	20
ROE	-1.24	0.31	0.0594	0.23297	20

Source: Generated by the researcher from annual accounts and reports of listed manufacturing companies in Nigeria using SPSS software version.

Table 2 above shows the minimum and maximum values of return on assets, are -0.11 and 0.06 respectively. This implies that the companies with high return on assets perform more than those

with lower return on assets. Return on assets signifies the actual amount of earnings that the assets of companies are capable of generating. The average value of Manufacturing companies in Nigeria corporate social responsibility is approximately N19million, meaning that for a company to perform averagely, it should spent at least N19 million from their annual earnings on corporate social responsibility. Also, the table shows that the minimum and maximum values of return on equity are -1.24 and 0.31 respectively. This implies that the companies with high return on equity perform more than those with lower return on equity because the return on equity signifies the actual amount that each unit of company equity is capable of generating. The table also shows the minimum and maximum values of earnings per share and dividend per share to be 0.45 and 1.05; 0.10 and 2.18 respectively. This implies that companies with high earnings per share and dividend per share perform more than those with lower earnings per share and dividend per share, because the earnings and dividend per share signifies the actual amount to be paid to shareholders for having a stake in the company. The minimum and maximum amounts spent annually on corporate social responsibility by the manufacturing companies in Nigeria are approximately N14million and N21million. The standard deviation coefficient of corporate social responsibility is 1.32040 which implies the level of corporate social responsibility contribution to companies' financial performance.

Data Presentation and Analysis

The study used regression model in order to provide basis for testing the three hypotheses. Simple regression model has

been employed to predict the impact of the independent variable (CSR) on the dependent variable (ROA, EPS, DPS and ROE)

Table 4.3. Average values of the variables of the study as computed from ExcelYearLog CSRROAEPSDPSROE20164.58220.06000.15640.13200.1564 20174.58470.05970.10820.11440.119220185.5800-0.0185-1.78920.1295-0.773020193.87500.0194-1.6610-0.2573-0.184820203.85290.0559-1.172340.3105-0.4778***Source: Researcher's computation from the Annual Reports of companies under study, 2016 – 2020***

Table 3 presents the averages values of model proxies. The data from which average were derived are in Appendix A

The effect of CSR on ROA of listed manufacturing companies in Nigeria from 2016 – 2020

Table.4: Average percentage change in CSR and ROA of listed manufacturing companies in Nigeria.

Year	Log CSR	ROA	EPS	DPS	ROE
2016	4.5822	0.0600	0.1564	0.1320	0.1564
2017	4.5847	0.0597	0.1082	0.1144	0.1192
2018	5.5800	-0.0185	-1.7892	0.1295	-0.7730
2019	3.8750	0.0194	-1.6610	-0.2573	-0.1848
2020	3.8529	0.0559	-1.17234	0.3105	-0.4778

Source: Researcher's computation using Excel

Table 4 represents the trend of average percentage change in CSR and ROE in listed manufacturing companies in Nigeria over the

period under review. Between 2016-2017, average percentage change in CSR is 0.25% while there was a negative average percentage change of -3% in ROA in that same period. The following periods, 2018 and 2020 has a positive percentage in terms of CSR of 9.95% and 2.21% and a negative percentage of 17.5% as of 2019 for CSR. Equally there was also positive percentage for ROA for 2019 and 2020 which was 9.00% and 3.65% respectively and also a negative percentage in 2018 as of -4.12%. With the above results, we conclude by saying that CSR has a positive impact on ROA of listed manufacturing companies in Nigeria under study. This result is in line with the findings of Uadiale and Fagbemi (2017), who found a positive relationship between CSR and ROA.

The effect of CSR on EPS of listed manufacturing companies in Nigeria from 2016 – 2020

Table 5: Average percentage change in CSR and EPS of listed manufacturing companies in Nigeria.

Year	Average % change in CSR	Average % change in ROA
2016	-	-
2017	0.25	-3.00
2018	9.95	-4.12
2019	-17.05	9.00
2020	2.21	3.65

Source: Researcher's computation using Excel

Table 4.5 represent the trend of average percentage change in CSR and EPS in listed manufacturing companies in Nigeria and that of EPS followed the same trend of increase/decrease over the years.

Between 2016-2017, average percentage change in CSR is 0.25% while there was a negative average percentage change of -4.87% in EPS in that same period. The following periods, 2018 and 2020 has a positive percentage in terms of CSR of 9.95% and 2.21% and a negative percentage of 17.5% as of 2019 for CSR. Equally there was also positive percentage for EPS for 2018 as 18.97% and 2020 as 29.3% and also a negative percentage in 2019 of -58.82%. With the above results we conclude by saying that CSR has a positive effect on EPS of listed manufacturing companies in Nigeria under study. This result is in line with the findings of Mubeen and Arooj (2019) who examined the impact of CSR on shareholders' wealth and financial performance of 10 companies that are highly rated for CSR activities and 10 Non-CSR companies. Using accounting measures (ROE and ROA) as proxies for financial performance and earnings per share (EPS) and dividend per share, stock price and CSR measures, the authors found a significant positive relationship between CSR and shareholders wealth and financial performance.

The effect of CSR on DPS of listed manufacturing companies in Nigeria from 2016 – 2020

Table 6: Average percentage change in CSR and DPS of listed manufacturing companies in Nigeria.

Year	Average % change in CSR	Average % change in EPS
2016	-	-
2017	0.25	-4.87
2018	9.95	18.97
2019	-17.05	-58.82
2020	2.21	29.3

Source: Researcher's computation using Excel

Table 6 represents the trend of average percentage change in CSR and DPS in listed manufacturing companies in Nigeria over the period under review. Between 2016-2017, average percentage change in CSR is 0.25% while there was a negative average percentage change of -2.55% in DPS in that same period. The following periods, 2018 and 2020 has a positive percentage in terms of CSR of 9.95% and 2.21% and a negative percentage of 17.5% as of 2019 for CSR. Equally there was also positive percentage for DPS in 2018, 2019 and 2020 which are 10.85%, 8.82% and 3.60% respectively. With the above results we conclude by saying that CSR has a positive effect on DPS of listed manufacturing companies in Nigeria under study. This result is in line with the findings of Mubeen and Arooj (2019) who examined the impact of CSR on shareholders' wealth and financial performance of 10 companies that are highly rated for CSR activities and 10 Non-CSR companies. Using accounting measures (ROE and ROA) as proxies for financial performance and earnings per share (EPS) and dividend per share, stock price and CSR measures, the authors found a significant positive relationship between CSR and shareholders wealth and financial performance.

The effect of CSR on ROE of listed manufacturing companies in Nigeria from 2016 – 2020

Table 7: Average percentage change in CSR and ROE of listed manufacturing companies in Nigeria.

Year	Average % change in CSR	Average % change in ROE
2016	-	-
2017	0.25	-37.20
2018	9.95	-65.38
2019	-17.05	-58.82
2020	2.21	29.30

Source: Researcher's computation using Excel

Table 7 represents the trend of average percentage change in CSR and ROE in listed manufacturing companies in Nigeria over the period under review. Between 2016-2017, average percentage change in CSR is 0.25% while there was a negative average percentage change of -37.20% in ROE in that same period. The following periods, 2018 and 2020 has a positive percentage in terms of CSR of 9.95% and 2.21% and a negative percentage of 17.5% as of 2019 for CSR. Equally there was also positive percentage for ROE for 2020 which was 29.30% and also a negative percentage in 2018 and 2019 as -65.38% and -58.82%.

With the above results, we conclude by saying that, CSR has a positive effect on ROE of listed manufacturing companies in Nigeria under study. This result is in line with the findings of Uadiale and Fagbemi (2017), who found a positive relationship between CSR and ROE.

Test of Hypotheses

The hypotheses stated earlier in this research we tested using regression method. Three steps were used to test the hypotheses.

One, the hypotheses were restated in null forms, and two, the results were analyzed and three, decisions were made. The decision rule involved the rejection or acceptance of the null or alternate hypotheses based on criterion of the techniques of analysis.

Hypothesis One: There is no significant effect of corporate social responsibility on return on assets of listed manufacturing companies in Nigeria.

Decision Rule: If the coefficient estimate of CSR has a positive sign and its probability less than 0.05, the null hypothesis is rejected and the alternate hypothesis is accepted. on the other hand, if the coefficient estimate of CSR does not have a positive sign and its probability greater than 0.05, the null hypothesis is accepted and the alternate hypothesis is rejected.

Table 4.8: Corporate social responsibility and Return on Asset (ROA)

Dependent Variable: ROA

Method Least square

Sample (adjusted): 2 20

Included observations: 19 after adjusting end points

Variable	**Coefficient**	**Stand. Error**	T – **Statistic**	**Prob.**
CSR	10.64438	5.085600	2.093044	0.0390
C	39.14476	10.72404	3.6501890	0.0004
R-Squared	0.743212	Mean dependent variable		0.279010
Adjusted R-Squared	0.633348	Standard dev, dependent variable		0.198187
S.E. of regression	73.08195			11.44104
Sum square resid,,	518074.3	Akaike info Criterion		11.49346
Log Likelihood	2.661457	Schawarz Criterion		4.380833
Durbin-Watson Stat	3.307798	F-statistic		0.038955
		Prob(F-Statistic)		

Source: Researcher's E-view Results.

Table 8 shows the result of the simple regression analysis of the effect of Corporate Social Responsibility on Return on Assets of listed manufacturing companies in Nigeria. The coefficient of determination R2, which measures the goodness of fit of the model, indicates that 74% of the variations observed in the dependent variable were explained by the independent variable. This was moderated by the Adjusted R2 of 63%. The results shows that Corporate Social Responsibility has a positive and significant effect on Return on Assets of listed manufacturing companies in Nigeria (a=0.004, p=0.02<0.05).

Decision: Since the coefficient estimate of Corporate Social Responsibility is positive, the null hypothesis is rejected and the alternate accepted but with the provision of probability value being less than 0.05, we conclude therefore, that Corporate Social Responsibility has a positive and significant effect on Return on Assets of listed manufacturing companies in Nigeria.

Hypothesis Two: There is no significant effect of corporate social responsibility on earnings per share of listed manufacturing companies in Nigeria.

Table 9: Corporate social responsibility and Earnings Per Share (EPS)

Dependent Variable: EPS
Method Least square
Sample (adjusted): 2 20
Included observations: 19 after adjusting end points0

Variable	**Coefficient**	**Stand. Error**	T – **Statistic**	**Prob.**
CSR	0.008467	0.00647	2.273800	0.0058
C	0.085577	0.014016	6.105532	0.0000
R-Squared	0.716452	Mean dependent variable		0.098586
Adjusted R-Squared	0.606313	Standard dev, dependent variable		0.095821
S.E. of regression	0.095518			1.839008
Sum square resid,,	0.884998	Akaike info Criterion		1.786582
Log Likelihood	93.03092	Schawarz Criterion		1.622567
Durbin-Watson Stat	2.710260	F-statistic		0.205778
		Prob(F-Statistic)		

Source: Researcher's E-view Results.

Table 4.9 shows the result of the simple regression analysis of the effect of Corporate Social Responsibility on Earnings per share of listed manufacturing companies in Nigeria from 2016-2020. The coefficient of determination R square which measures the goodness of fit of the model, indicates that 72% of the variations observed in the dependent variable were explained by the independent variable. This was moderated by the Adjusted R-squared of 61%. The result shows that Corporate Social Responsibility has a positive and significant effect on earnings per share of listed manufacturing banks in Nigeria (a= 0.008, p=0.005<0.05).

Decision: Since the coefficient estimate of Corporate Social Responsibility is positive, null hypothesis is rejected and alternate accepted. Thus, CSR has positive and significant impact on Earnings per share of listed manufacturing companies in Nigeria.

Hypothesis Three: There is no significant effect of corporate social responsibility on dividend per share of listed

manufacturing companies in Nigeria.

Table 10: Corporate social responsibility and Dividend Per Share (DPS)

Dependent Variable: DPS

Method Least square

Sample (adjusted): 2 20

Included observations: 19 after adjusting end points

Variable	**Coefficient**	**Stand. Error**	T – **Statistic**	**Prob.**
CSR	0.005210	0.005547	2.352505	0.0035
C	0.090331	0.014351	5.150522	0.0000
R-Squared	0.613251	Mean dependent variable		0.074346
Adjusted R-Squared	0.505314	Standard dev, dependent variable		0.075831
S.E. of regression	0.073328			1.635030
Sum square resid,,	0.771882	Akaike info Criterion		1.343204
Log Likelihood	33.04190	Schawarz Criterion		1.352334
Durbin-Watson Stat	2.520345	F-statistic		0.203588
		Prob(F-Statistic)		

Source: Researcher's E-view Results.

Table 4.10 shows the result of the simple regression analysis of the effect of Corporate Social Responsibility on Dividend per share of listed manufacturing companies in Nigeria. The coefficient of determination R2, which measures the goodness of fit of the model, indicates that 61% of the variations observed in the dependent variable were explained by the independent variable. This was moderated by the Adjusted R2 of 51%. The results shows that Corporate Social Responsibility has a positive and significant effect on dividend per share of listed manufacturing companies in Nigeria (a=0.004, p=0.02<0.05).

Decision: Since the coefficient estimate of Corporate Social Responsibility is positive, the null hypothesis is rejected and the alternate accepted but with the provision of probability value being less than 0.05, we conclude therefore, that Corporate Social Responsibility has a positive and significant effect on dividend per share of listed manufacturing companies in Nigeria.

Hypothesis Four: There is no significant effect of corporate social responsibility on return on equity of listed manufacturing companies in Nigeria.

Table 11: Corporate social responsibility and Return on Equity (ROE)

Dependent Variable: ROE

Method Least square

Sample (adjusted): 2 20

Included observations: 19 after adjusting end points

Variable	**Coefficient**	**Stand. Error**	T – **Statistic**	**Prob.**
CSR	0.004710	0.005809	2.810839	0.0194
C	0.075514	0.012250	6.164693	0.0000
R-Squared	0.566732	Mean dependent variable		0.082751
Adjusted R-Squared	0.453508	Standard dev, dependent variable		0.083332
S.E. of regression	0.083478			2.108480
Sum square resid,,	0.675947	Akaike info Criterion		2.056053
Log Likelihood	21.3698	Schawarz Criterion		3.657459
Durbin-Watson Stat	2.86316	F-statistic		0.419443
		Prob(F-Statistic)		

Source: Researcher's E-view Results.

Table 4.11 shows the result of the simple regression analysis of the effect of Corporate Social Responsibility on Return on Equity of listed manufacturing companies in Nigeria. The coefficient of determination R2, which measures the goodness of fit of the model, indicates that 57% of the variations observed in the dependent variable were explained by the independent variable. This was moderated by the Adjusted R2 of 45%. The results shows that Corporate Social Responsibility has a positive and significant effect on Return on Equity of listed manufacturing companies in Nigeria ($a=0.004, p=0.02<0.05$).

Decision: Since the coefficient estimate of Corporate Social Responsibility is positive, the null hypothesis is rejected and the alternate accepted but with the provision of probability value being less than 0.05, we conclude therefore, that Corporate Social Responsibility has a positive and significant effect on Return on Equity of listed manufacturing companies in Nigeria.

4.5. Summary of Findings

1. CSR has a positive and significant effect on Return on assets of listed manufacturing companies in Nigeria between the periods of 2016-5015.
2. CSR has a positive and significant effect on earnings per share of listed manufacturing companies in Nigeria between the periods of 2016-5015.
3. CSR has a positive and significant effect on dividend per share of listed manufacturing companies in Nigeria between the periods of 2016-5015.
4. CSR has a positive and significant effect on Return on equity of listed manufacturing companies in Nigeria between the

periods of 2016-5015.

Discussion of Findings

It was found out that, there is a significant effect of corporate social responsibilities on return on assets of manufacturing companies in Nigeria. This was confirmed with a R-squared value of 0.74, (i.e. 74.3%), adjusted r-squared value of 0.63 (i.e. 63.3%), which is significant at 0.004 significance level. Therefore, this implies that for every increase in return on assets, corporate social responsibilities contributed about 74%. This study corroborates with the findings of Uadiale and Fagbemi (2017) who focused on forty listed companies to evaluate the impact of corporate social responsibility activities on financial performance (return on asset and return on equity). Their results showed that CSR had a positive and significant relationship with the financial performance measures.

Furthermore, this study found that, there is a significant effect of corporate social responsibility on the earnings per share of listed manufacturing companies in Nigeria. This was confirmed in the regression table with a r-squared value of 0.71 (i.e. 71.6%), and adjusted r-squared value of 0.60 (i.e. 60.6%), and significant at 0.0000 significance level. Therefore, this implies that for every increase in earnings per share, corporate social responsibility contributed about 72%. This study is in line with the findings of Mubeen and Arooj (2019) who examined the impact of CSR on shareholders' wealth and financial performance of 10 companies that are highly rated for CSR activities and 10 Non-CSR companies. Using accounting measures (ROE and ROA) as proxies for financial performance and earnings per share (EPS) and

dividend per share (DPS) and stock price and CSR measures, the authors found a significant positive relationship between CSR and shareholders wealth and financial performance.

Similarly, it was found out that, there is a significant effect of corporate social responsibility on the dividend per share of listed manufacturing companies in Nigeria. This was confirmed in the regression table with a r-squared value of 0.61 (i.e. 61.3%), and adjusted r-squared value of 0.50 (i.e. 50.5%), and significant at 0.0000 significance level. Therefore, this implies that for every increase in dividend per share, corporate social responsibility contributed about 61%. This study is in line with the findings of Mubeen and Arooj (2019) who examined the impact of CSR on shareholders' wealth and financial performance of 10 companies that are highly rated for CSR activities and 10 Non-CSR companies. Using accounting measures (ROE and ROA) as proxies for financial performance and earnings per share (EPS) and dividend per share (DPS) and stock price and CSR measures, the authors found a significant positive relationship between CSR and shareholders wealth and financial performance.

Finally, this study found out that, there is a significant effect of corporate social responsibilities on return on equity of manufacturing companies in Nigeria. This was confirmed with a R-squared value of 0.56, (i.e. 56.6%), adjusted r-squared value of 0.45 (i.e. 45.3%), which is significant at 0.000 significance level. Therefore, this implies that for every increase in return on equity, corporate social responsibilities contributed about 57%. This study corroborates with the findings of Uadiale and Fagbemi (2017) who focused on forty listed companies to evaluate the impact of

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corporate social responsibility activities on financial performance (return on asset and return on equity). Their results showed that CSR had a positive and significant relationship with the financial performance measures.

Conclusion

From the empirical data of the study showing a positive significant relationship between corporate social responsibility (natural logarithms of the total amount spent by the manufacturing companies) and financial performance (return on assets, earnings per share, dividend per share and return on equity) of quoted manufacturing companies in Nigeria, it can be concluded that the amount spent by the manufacturing companies from their annual earnings in providing corporate social responsibility services to the operating community aids financial performance.

The findings of this study show a positive significant relationship between corporate social responsibility and all the financial performance variables (return on assets, earnings per share, dividend per share and return on equity) of quoted manufacturing companies in Nigeria. Unquoted manufacturing companies are thereby encouraged to have their equity listed on the Nigerian stock exchange and to also comply with the regulations of the stock exchange market. The period of listing of manufacturing companies on the stock exchange is highly influencing their financial performance. In line with the findings of the study that show statistical significance of the variables under study, we conclude that corporate social responsibility plays a significant role on the financial performance of manufacturing companies in Nigeria.

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