



CORPORATE SOCIAL RESPONSIBILITY AND FINANCIAL PERFORMANCE OF THE CONSUMER GOODS COMPANIES IN NIGERIA

Ibrahim, A. S., Abdullahi, S.R., and Elaigwu, M.

Department of Accounting, Faculty of Management Sciences, Prince Abubakar Audu University,
Anyigba, Kogi State, Nigeria.

Corresponding author: Ibrahim , A.S. stevejobi@yahoo.com

ABSTRACT

Corporate social responsibility is a new accounting concept that emphasises the need for corporate entities to give back to the environment and society which are affected by their operations. Embracing this practice has the potential to boost the performance of the firms as there would be a more conducive operational environment and a higher tendency to patronise the products and services. Against this backdrop, this study evaluates the effect of corporate social responsibility disclosure on the financial performance of consumer goods companies in Nigeria from 2013-2022. The sample size is 17 consumer goods companies. The data were extracted from the annual reports and accounts of the companies. The results from Model I showed that corporate social responsibility disclosures have a significant negative effect on earnings per share. The Model II revealed that corporate social responsibility disclosures have a significant positive effect on the return on assets, while Model III showed that corporate social responsibility disclosures have an insignificant positive effect on the return on equity of the studied companies. The study recommends moderate but impactful socially responsible activities to boost earnings per share and improve return on assets and equity as a way of displaying the desirable effect of firm performance.

KEYWORDS: Corporate Social Responsibility Disclosure, Corporate Social Responsibility Donations, Earnings per Share, Return on Assets, Return on Equity.

1.0

INTRODUCTION

Financial performance refers to the extent to which a firm achieves its financial goals and objectives of maximising the wealth of the owners. Sendil (2015) asserted that there exists a strong relationship between corporate social responsibility and the financial performance of firms that provides a suitable method of assessing firms' viability. The measures of financial performance considered in this study are the earnings per share, return on assets and return on equity. Owolabi *et al.* (2022) noted that the relationship between corporate social responsibility (CSR) and financial performance is a topic of significant interest and debate among scholars, practitioners, and investors, describing earnings per share as a key financial metric that measures a company's profitability, often used by investors as an indicator of financial performance. The relationship between CSR and financial performance is complex and depends largely on the financial strength of the firms (Kumar, 2015).

Corporate organisations operate in a world where they are required to perform economic, social and environmental functions, roles and obligations. Corporate social responsibility represents a



commitment by businesses to operate in an ethical, socially responsible, and sustainable manner, taking into consideration the impact of their activities on various stakeholders, including not only shareholders but also employees, customers, suppliers, communities, and the environment (Owolabi *et al.*, 2022). The evolution of CSR has been influenced by historical, economic, and societal factors, as well as by regulatory developments, and it continues to be a topic of academic research and practical relevance (Gond *et al.*, 2017). The genesis of CSR can be traced back to the early 20th century, when businesses began to recognise the need for addressing social issues. Social Responsibilities of the Businessman is often considered a foundational work in the field of corporate social responsibility and is regarded as CSR, the obligations of businesses to pursue policies, make decisions, and follow actions that align with the objectives and values of society.

Elaigwu *et al.* (2020) affirmed that the perceived underperformance in terms of sustainability commitments and the quality of sustainability reporting (SRQ) among publicly listed companies has prompted stakeholders to advocate for scrutiny of the Economic, Environmental, and Social (EES) impacts resulting from these companies' operations. Sharma (2013) described corporate social responsibility as a prominent 21st-century business ideology that heightens expectations for companies to adhere to social and environmental standards. International standards and guidelines, such as the United Nations Global Compact and the Sustainable Development Goals, have encouraged Nigerian businesses to align their practices with global CSR expectations (Iliemena & Ijeoma, 2019). A growing awareness and activism among civil society organisations, communities, and consumers have pressured companies to adopt responsible

Nigeria's consumer goods industry is a dynamic and rapidly evolving sector, playing a crucial role in the country's economy. The industry is diverse, covering a wide range of products including food and beverages, personal care items, household goods, and more (Abubakar *et al.*, 2017). In recent years, a growing population and increasing urbanisation have led to a rise in consumer demand for various goods and services. Major multinational corporations, as well as local companies including Cadbury Plc, Nestle Food Plc, Dangote Sugar Plc, McNichols, and Unilever Nig. Plc, Honeywell Flour Plc are some of the active players in Nigeria's consumer goods sector, concluded that the consumer goods companies are particularly robust (Gugong & Ayuba, 2018), with both local and international brands competing for market share. These companies often introduce innovative products to capture the attention of Nigerian consumers, taking into account their dietary habits.

In the ever-changing landscape of business and society, the study of CSR remains a critical area of research and practice, as organisations grapple with their responsibilities to various stakeholders and the planet. In the course of this study, the problems the researcher identified and which form part of the need for this study are discussed below. There is a problem of scarcity of recent studies on the consumer goods companies in Nigeria, as the three Nigerian studies of 2023 reviewed were on other sectors or a combination of sectors. For instance, Inyang *et al.* (2023) were on the industrial goods, Olubunmi (2023) combined both industrial goods and consumer goods companies, while Iliemena *et al.* (2023) failed to reveal the domain studied. Secondly, there is the problem of inappropriate methodological procedures, as none of the several studies reviewed conducted separate diagnostics tests such as heteroskedasticity, Lagrangian Multiplier and Hausman tests for the different models they adopted. The findings from such clumsy methodology would be laden with error of inexactitude. Thirdly, none of the 2023 Nigerian studies mentioned above and the 2023 non-Nigerian studies reviewed (Coelho *et al.*, 2023, & Li *et al.*, 2023) included

2022 data in their analysis, as the most recent in some were data of 2019, while others covered up to 2021 only. It is against this background that the researcher was motivated to go into further investigation on how corporate social responsibility affect financial performance of consumer goods companies in Nigeria with soecific objectives on the effect of corporate social responsibility disclosure on earnings per share, return on assets and return on equity of consumer goods companies in Nigeria;

2.0 REVIEW OF RELATED LITERATURE

2.1 The conceptual framework

The conceptual framework of this study consists of the independent variable – corporate social responsibility disclosure (CSR D) and the dependent variable – financial performance proxied by earnings per share (EPS), return on assets (ROA) and return on equity (ROE) of the consumer goods companies captured by this study.

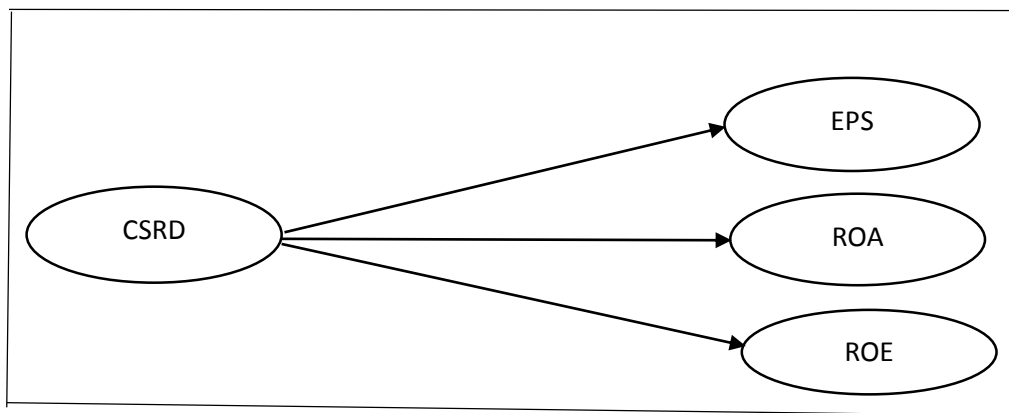


Fig. 1: The Framework of the Study
Adapted from: Ningsih *et al.* (2022).

Financial Performance

Ningsih *et al.* (2022) defined financial performance as a reflection of the company's financial foundation and a tool for determining whether the company is growing or not. Nurhidayah (2020) defined financial performance as the process of calculating, measuring, explaining, and providing solutions to a company's finances over a specific period. Solanke *et al.* (2022) noted that financial performance provides detailed information regarding the financial activities of companies that can be used by stakeholders. Dkhili and Ansi (2012) maintained that the classical view of performance as maximising the wealth of the shareholders is premised on market efficiency that ensures the best allocation of resources and rejects any idea of corporate responsibility besides profit generation. Yahaya and Lamido (2022) described the financial performance of a firm as a snapshot of its financial health, denoted as the management's effectiveness and efficiency, which determines whether its operations are in line with the realisation of the set objectives.

Obaje *et al.* (2021) referred to financial performance as those outcomes that can be measured monetarily, especially with figures from the set of financial statements, adding that the importance of the effective performance of the banking sector was responsible for Nigeria's commitment to the industry. Mustafa and Handayani (2014) asserted that financial performance is a description of



the company's status that can be analysed using financial ratios to determine the company's status during a particular period. In the context of this study, financial performance is the extent to which a firm achieves the objective of maximising the shareholders' wealth.

Earnings per Share (EPS)

Earnings per share (EPS) is a metric that measures management's success in generating profits for shareholders and shows the percentage of a company's net profit that is divided among all shareholders (Owolabi *et al.*, 2022). Earnings per share (EPS), according to Besely and Brigham (2006), represents the portion of a company's earnings that is allocated to each share of common stock after deducting taxes and preferred stock dividends. Robbetze *et al.* (2017) highlighted that EPS is a significant accounting indicator that reflects risk, entity performance, and corporate success. EPS is also utilised for predicting potential future changes in share prices, as fluctuations in EPS often correspond to shifts in share price dynamics. Rosikah *et al.* (2018) defined earnings per share (EPS) as a ratio of post-tax income to the number of shares in circulation, emphasising that by assessing EPS, investors can gauge a company's income potential for future acceptance and make informed investment decisions.

Robbetze *et al.* (2017) expressed that investors value EPS as an indicator of financial stability in their investment decisions, as it signifies a company's financial strength, generates shareholder wealth, offers insights into future performance, and anticipates risks. A company with strong EPS is likely to experience an increase in the market price of its shares, which can create a positive impression of the company's products, leading to greater demand, increased sales, and ultimately higher earnings. According to Kumar (2015), when a company issues a favourable earnings report, it is probable that investors will experience an increased sense of security and optimism regarding the potential returns on their investments. This study defines earnings per share as the portion of the net profit attributable to each unit of stock.

Return on Assets

Return on assets (ROA) may be defined as a key indicator of a company's profitability. It assesses the company's capacity to generate profits by utilising its total assets while accounting for the costs of financing those assets. Idawati and Wahyudi (2015) suggested that ROA serves as a profitability indicator by connecting net income to total assets, describing how efficiently a company transforms its assets into profit. Return on assets (ROA) provides investors with a measure of how efficiently a company converts its investments into net income. Porter and Kramer (2011) opined that firms committed to CSR often take a longer-term perspective in decision-making which usually leads to strategic investments that may not yield immediate benefits but contribute to long-term profitability, adding that CSR practices foster innovation and adaptability, which are important for sustainable ROA growth.

Wulandari (2012) asserted that return on asset (ROA) significantly impacts stock prices, as investors favour companies offering higher returns on their assets, thereby bolstering financial performance. Saragih (2018) observed that ROA is a ratio that correlates assets with sales volume. A higher ratio is advantageous for a company, as it signifies a greater rate of return. Fadhiyah and Priyadi (2015) observed that corporate social responsibility affects the return on assets very strongly, which sends a positive signal to both existing and potential investors. In the context of this study, Return on Assets (ROA) refers to the return on investment given to investors from the net income, taking into account the total assets involved.



Return on Equity

Luo and Lusmeida (2018) conceptualised return on equity (ROE) as the amount of net income returned as a percentage of shareholders' equity, clarifying that ROE measures a firm's profitability by estimating how much profit it garners with the resources the shareholders have invested. Ningsih *et al.* (2022) pointed out that return on equity (ROE) is one tool for estimating a company's profitability, noting that the higher the ROE, the higher the profit generated by the company and that investors use a high ROE as one of the factors they consider when deciding whether or not to invest in a company.

Pratiwi *et al.* (2020) argued that the greater the company's commitment to corporate social responsibility (CSR), the higher the return on equity and that ROE remains an important signal for investors when taking investment decisions. Kalu (2022) described return on equity as a strong parameter of the extent to which the management of a firm creates value for its shareholders, noting that ROE is one of the all-time favourites and perhaps the most widely used overall metric of corporate financial performance. This study defines return on equity as the portion of net profit that is allocated to each unit of equity held.

Corporate Social Responsibility Disclosure

The concept of Corporate Social Responsibility (CSR) lacks a universally accepted definition due to its encompassing nature, as it addresses a wide range of issues (Stojanovic *et al.*, 2016). Iliemena *et al.* (2023) defined corporate social responsibility (CSR) as a sustainability-driven initiative which provides long-term benefits to firms by increasing firm reputation and profitability, which may directly or indirectly have some level of influence on periodic returns to shareholders. Corporate social responsibility (CSR) revolves around acknowledging ethical obligations and responding pragmatically to social pressures within firms (Mohammed, 2020).

According to Yahaya and Lamido (2022), corporate social responsibility (CSR) represents a form of self-initiated activity intended to contribute to community development in a philanthropic or charitable manner. Owolabi *et al.* (2022) conceptualised corporate social responsibility as the inclusion of social, economic and environmental interests of all the stakeholders in the corporate decision-making of a firm, describing it as a procedure in which businesses decide to contribute to a healthy society and a cleaner environment. This study defines corporate social responsibility as the voluntary decisions taken by firms to assist in ameliorating the effects of their activities on the environment and the people.

2.2 Theoretical Foundation

This study is underpinned by the Signalling Theory, which is based on the assumption that people make decisions based on the information available to them. The signalling theory was postulated by Michael Spence in 1973. According to this concept, business directors practice voluntary disclosure, which comprises the disclosure of social responsibility and the manipulation of information in the market to transmit precise signals to the market, displaying the good performance of their businesses. The theory points out that higher-profit corporations have a stronger motivation to increase the volume of voluntary disclosure of information. Signalling theory can be used to explain how two parties (individuals or businesses) behave when they have access to different types of information. The theory relates to this study as it buttresses the importance of information sharing among stakeholders, as this study found, among others, that



corporate social responsibility disclosure increases the profitability of firms, as shown in the significant positive effect.

2.3 Empirical Review

Korolo and Korolo (2025) examined the relationship between Corporate Social Responsibility (CSR) and the financial performance of quoted consumer goods companies in Nigeria. The specific objectives were to determine the effect of environmental, social and economic cost 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 (NGX) 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.

Olubunmi (2023) investigated the effect of corporate social responsibility (CSR) on the financial performance of some selected manufacturing companies in Nigeria. The specific objectives were to find out how corporate social responsibility affects earnings per share (EPS) and net profit margin (NPM). The *ex-post facto* research design was used for the study. The study population comprised all customer goods and industrial sectors of manufacturing companies in Nigeria, among which fifteen (15) were selected using a purposive sampling technique for the period of 2010-2019. Secondary data were collected from the annual reports of the sampled companies. Two hypotheses were formulated and tested. Both descriptive and inferential statistics (correlation and multiple regression) were used for data analysis. The result of the analysis revealed that CSR has a significant relationship with financial performance measured with EPS and a negative significant relationship with NPM of selected manufacturing companies in Nigeria. The study offers no recommendations.

Iliemena *et al.* (2023) examined the influence of corporate social responsibility activities on returns to shareholders. The specific objectives were to estimate the effect of corporate social responsibility measured by labour practices, human rights practices and customer health and safety practices on shareholders' return on investment. Secondary data were sourced from annual financial and sustainability reports of 46 sampled companies from the period 2012 to 2021. Results from the regression analyses revealed that labour practices have a negative influence on shareholders' return on investment, while human rights practices and customer health and safety practices have a positive influence on shareholders' return on investment. The three variables jointly have a significant effect on return on investment. The study recommended that the Nigerian Securities and Exchange Commission (SEC) should build minimum reporting benchmarks for each expected performance component of social responsibility practices, with annual awards to



encourage better social responsibility performance among Nigerian listed firms. The exact method of the domain was not stated.

Owolabi *et al.* (2022) determined the impact of corporate social responsibility on the earnings per share of the Oil and Gas companies in Nigeria. The specific objective was to find out the effect of CSR activities on earnings per share. Using an *ex-post-facto* research design, 8 Oil and Gas companies in Nigeria were examined for 10 years. A total enumeration sampling technique was adopted for the study, and descriptive and inferential statistics were used to analyse the data. The study found that corporate social responsibility has no significant impact on earnings per share of the Oil and Gas companies in Nigeria. The study recommended that policies should be made for oil and gas companies to report mandatorily about their corporate social responsibilities in their annual reports. The chosen ten years were not stipulated to enable a comparison of the findings with other periods.

Yahaya and Lamido (2022) determined the effect of corporate social responsibility (CSR) and the financial performance of firms in Nigeria. The specific objectives were to ascertain how return on assets, earnings per share and return on equity are influenced by human resources, environmental activities, community donations, gifts and new product research and development. Firm size and leverage were used as control variables. The research design was correlational with a population and sample of 156 and 112, respectively. Four filters were applied: corporations listed with the Nigerian Exchange Group as at the end of 2021 were considered; companies without complete 10-year annual reports were excluded; corporations that were quoted after 2021 were excluded, and firms with technical difficulties with the Exchange as indicated on its website were excluded. The total quoted corporations that were used were 112 for 10 years, which produced 1,120 observations. The results showed that corporate social responsibility is positively and significantly related to corporate financial performance. A large sample size is good for representative conclusions and an enhanced currency with 2021 data included in the 2022 study.

Solanke *et al.* (2022) estimated the relationship between corporate social responsibility and the financial performance of listed companies in the oil and gas sector in Nigeria with the use of secondary data. The specific objectives were to investigate the effect of economic, donation and legal responsibilities on return on assets (ROA), profit after tax (PAT) and return on equity (ROE). The sample size selected was five quoted companies' oil and gas sectors in Nigeria for 2011-2020 financial years with the use of regression analysis on data collected from Nigerian Exchange Group. The results revealed that corporate social responsibility did not significantly contribute to the profitability of selected oil and gas companies in Nigeria. However, findings showed that economic, donation and legal responsibilities had a significant influence on the return on assets (ROA), profit after tax (PAT) and return on equity (ROE) of the oil and gas firms in Nigeria. The study recommended that corporate social responsibility should be added to the firm's policy and vision to ensure total compliance for enhanced performance.

Ningsih *et al.* (2022) analysed the effect of corporate social responsibility (CSR) on the financial performance of food and beverage sub-sector companies in Indonesia from 2016 to 2021. The specific objectives were to find out how corporate social responsibility affects return on assets (ROA), return on equity (ROE), and net profit margin (NPM). The population consisted of thirty listed food and beverage companies. The sampling technique used was a non-probability sampling technique using purposive sampling, so of the thirty listed companies, six companies met the sampling criteria. The simple linear regression analysis was adopted using SPSS 23 software. The results showed that corporate social responsibility has a positive and significant effect on return

on assets; corporate social responsibility has a positive and significant effect on return on equity, and corporate social responsibility has no significant effect on net profit margin. The study recommended that future research should include more years of observation, as against the four years of observations in this study, for more robust findings and conclusions. The inclusion of the 2021 data in the 2022 study greatly enhanced the currency of the findings.

2.4 Gaps in Literature

The issue of the inclusion of 2022 data, which the six 2023 studies reviewed failed to capture, is a significant gap that this study fills in the literature. For instance, Inyang *et al.* (2023), Iliemena *et al.* (2023), and Coelho *et al.* (2023) stopped with 2021 data, Li *et al.* (2023) stopped with 2020 data, while Olubunmi (2023), Zhang and Su (2023) terminated their study with 2019 data. This study also fills a serious methodological gap that developed from the failure of all the studies that adopted multiple model approaches as a result of more than one dependent variable to conduct separate post-estimation tests for the models, thereby having clumsy results which would adversely affect the reliability of their findings. Thirdly, this study fills a sectoral gap as it captures only the consumer goods companies in Nigeria, which was not done by other previous Nigerian studies carried out in 2023.

3.0 METHODOLOGY

The research design adopted by this study was the *ex-post facto*, which results from the fact that the study relied entirely on historical data, with the benefit of offering high verifiability. The phrase *ex-post facto* design refers to studies conducted after the fact or event has occurred. This is true of this study being conducted in 2023, but it uses data from the past twelve years, from 2011-2022. This research design has been used in several studies, including Olubunmi (2023) and Owolabi *et al.* (2022). The sample size consists of the Seventeen (17) consumer goods companies quoted on the Nigerian Exchange Group (NGX) Limited as of 31st December.2023. The sampling technique adopted was purposive sampling, which removed units that fell short of requirements. The secondary panel data used in this study were sourced from the financial statements of the companies, and model estimation was by fixed effect after conducting the Lagrangian Multiplier effect and the Hausman Specification tests.

Variable measurement and Justification

Table 1: Measurement and Justification of Variables

Variable	Type	Measurement	Justification
Corporate Social Responsibility Disclosure (CSR)	Independent	Natural Log	Olubunmi (2023); Inyang <i>et al.</i> (2023); Yahaya and Lamido (2022);
Earnings per Share (EPS)	Dependent	Profit after tax divided by the total shares outstanding.	Olubunmi (2023); Yahaya and Lamido (2022).
Return on Assets (ROA)	Dependent	Profit after tax divided by total assets.	Solanke <i>et al.</i> (2022); Nangsih <i>et al.</i> (2022).
Return on Equity (ROE)	Dependent	Profit after tax divided by total shareholders' funds.	Yahaya and Lamido (2022); Ningsih <i>et al.</i> (2022).

Source: Researcher's Compilation, 2023.



Model Specification

This study adopts a tripartite-model approach as it has three proxies of the dependent variable, financial performance (earnings per share (EPS), return on assets (ROA) and return on equity (ROE) regressed against an independent variable (corporate social responsibility disclosure-CSR) measured by the expenditures incurred in response to social needs. The tripartite model becomes imperative because of the three (3) dependent variables. The first model involves the effect of Corporate Social Responsibility Disclosure (CSR) on earnings per share (EPS). The linear functional equation as used by Ningsih *et al.* (2022) is shown below:

$$EPS = f(CSR)$$

Econometrically, the above equation becomes:

$$EPS_{it} = \beta_0 + \beta_1 CSR_{it} \dots \dots \dots \text{Model I.}$$

The second model involves the effect of Corporate Social Responsibility Disclosure (CSR) on return on assets (ROA) and is shown in the linear functional equation below:

$$ROA = f(CSR)$$

In econometric terms, the above equation is rewritten as:

$$ROA_{it} = \beta_0 + \beta_1 CSR_{it} \dots \dots \dots \text{Model II.}$$

The third model involves the effect of Corporate Social Responsibility Disclosure (CSR) on return on equity (ROE) as represented in the linear functional equation below:

$$ROE = f(CSR)$$

Expressing the above equation in econometric form, it is represented as:

$$ROE_{it} = \beta_0 + \beta_1 CSR_{it} \dots \dots \dots \text{Model III.}$$

Where:

CSR = denotes corporate social responsibility disclosure (independent variable).

EPS = denotes earnings per share (a proxy for financial performance).

ROA = denotes return on assets (a proxy for financial performance).

ROE = denotes return on equity (a proxy for financial performance).

β_0 = Coefficient of the constant.

f = denotes a functional relationship.

i = represents firms or companies.

t = denotes periods covered by the study.

4.0 RESULTS AND DISCUSSION

Descriptive Statistics

Table 2 describes the statistics of both the independent and dependent variables in terms of the standard deviations, mean, minimum and maximum.

Table 2: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
LOG_CSRD	170	6.3581	2.5404	0	9.5397
EPS	170	474.107	1694.856	-574	13598
ROA	170	0.0211	0.3441	-2.36	2.82
ROE	170	0.0144	0.1113	-0.692	0.432

Source: STATA software.



The result from Table 2 revealed that the independent variable corporate social responsibility donation (CSR) has a mean value of 6.36 and a standard deviation of 2.54, which implies that CSR was well embraced, but that the amount committed to the social responsibility activities was not widely dispersed from its mean value. The minimum 0 is related to companies that failed to disclose or carry out social activities. EPS has a mean of 474 kobo, which is lower than the standard deviation of 1694.856, implying that EPS were more widely dispersed. Return on assets (ROA) has a positive mean value of 0.0211 and a higher standard deviation of 0.344, signifying that ROA was more widely dispersed from its mean value. Lastly, return on equity (ROE) has a standard deviation of 0.1113, which is greater than the mean value of 0.0144, denoting that ROE had wider dispersion during the period of this study.

Pearson Correlation Test for Multicollinearity

Table 3 below presents the correlation coefficients to reveal if multicollinearity existed between any pair of the dependent variables. The test's decision rule is that any two of the dependent variables that have a correlation coefficient higher than 0.85 have a multicollinearity problem, which is absent where a pair of independent variables correlates below 0.85.

Table 3: Pearson Correlation

	EPSN	ROA	ROE	LOG_CSRD
EPSN	1.0000			
ROA	-0.0629	1.0000		
ROE	0.1144	0.0271	1.0000	
LOG_CSRD	-0.1064	0.2016	0.0253	1.0000

Source: STATA software.

Table 3 indicates that earnings per share (EPS) have an insignificant negative relationship with corporate social responsibility donations (CSR) at -0.1064, while it (EPS) has insignificant relationships with ROA and ROE at -0.0629 and 0.1144 in that order. Return on assets (ROA) correlates significantly and positively with corporate social responsibility donations (CSR) at 0.2016 and with ROE positively insignificant at 0.0271. ROE correlates insignificantly positively with CSR at 0.0253. From the above analysis, it is concluded that multicollinearity does not constitute a problem within the models.

Heteroskedasticity Test for Residual Variance

The Heteroskedasticity tests are conducted to determine the constancy of the residual variances of the three models in Table 4 below. The test has a decision rule which states that any model which displays a p-value that of higher than 0.05 has residual with constant variance, while any model that has a p-value lower than 0.05 has residuals with non-constant variance.

Table 4: Heteroskedasticity Test

Model	P-value
Model I	0.2323
Model II	0.0000
Model III	0.7536

Source: STATA software.

The results in Table 4 above showed that Model I which has earnings per share (EPS) as the dependent variable has p-value of 0.2323, Model II with return on assets (ROA) has a p-value of 0.000 is lower than 0.05, while, Model III has a p-value of 0.7536 that is higher than 0.05, these findings imply that Model I and Model III have residuals with constant variance, while Model II has residuals without constant variance. In Model I and Model III, the null hypothesis of constant variance is accepted, while it is rejected in Model II. Heteroskedasticity does not constitute a problem in both Model I and Model III, but it does in Model II.

Autocorrelation Test

Table 5 contains the autocorrelation test to determine if there is a correlation problem within any particular variable. It is a univariate test, and the decision rule is to recognise correlation problems in the variables of a model if the Durbin-Watson statistic is not approximately equal to 2.

Table 5: Autocorrelation Test

DURBIN-WATSON STATISTICS	
Model I	1.804
Model II	2.149
Model III	1.599

The results in Table 5 above indicate that Models I, II and III have the Durbin-Watson statistics of 1.804, 2.149 and 1.599, respectively, which means that autocorrelation does not constitute a problem in the three models.

Normality Test using Skewness/Kurtosis

Table 6 displays the normality of the residuals was tested with the aid of the Skewness/Kurtosis method, and the purpose was to determine whether the residuals were symmetrically (normally) or asymmetrically (abnormally) distributed around their means. The decision rule is that any model with a p-value higher than 0.05 has normally distributed residuals, but any model with a p-value lower than 0.05 has residuals that are not normally distributed. The model displayed the same results in univariate mode.

Skewness/Kurtosis tests for Normality					
----- joint -----					
Variable	Obs	Pr(Skewness)	Pr(Kurtosis)	adj chi2(2)	Prob>chi2
residual	170	0.0254	0.0000	52.89	0.0000

Source: STATA software.

Table 5 revealed the models have a p-value of 0.0000, indicating that the residuals were not normally distributed within the three models. One of the implications is that the models cannot be estimated using Ordinary Least Squares (OLS) regression techniques, as one of its basic assumptions of normal distribution has been broken by these results.

Estimation Techniques

The Hausman Specification Test

The Hausman test is being conducted in Table 7 below to ascertain which of the random effect or fixed effect tests would be more suitable for estimating Model II and Model III only, since Model I has selected a pooled OLS regression. The decision rule is that the random effects would be selected if the model has a p-value higher than 0.05, or the fixed effect estimation is preferable if the p-value is lower than 0.05.

Table 7: The Hausman Test

The Hausman Test	P-value
Model II	0.0021 FE
Model III	0.1008 RE

Source: STATA output.

Results from the Hausman specification test in Table 7 above revealed that Model II has a p-value of 0.021, which is lower than 0.05, indicating from the decision rule that the fixed effect, which is consistent under both null and alternative hypotheses, is more appropriate for estimating the model. Model III has a p-value of 0.1008, which is higher than 0.05 and hence, the preferred estimation method is the random effect regression, which is inconsistent under the alternate hypothesis but efficient under the null hypothesis.

Regression Analysis

Model I Regression Analysis

Table 8 below shows the regression analysis of Model I, which has earnings per share (EPS) as the dependent variable, conducted with the aid of the pooled Ordinary Least Squares (OLS) method.

Table 8: Regression Analysis (Model I)

EPS	Coef.	Std. Err.	t	P> t
Log_CSRD	-0.2754	0.1152	-2.39	0.011
_cons	0.0159	0.0181	0.88	0.735
Prob > F				0.0110
F-statistics				12.92
R-squared				0.3413
Adj R-squared				0.2954

Source: STATA software.

Results shown in Table 8 above revealed that Model I has an adjusted R-squared, which denotes the coefficient of determination adjusted for the degree of freedom of 0.2954, indicating that corporate social responsibility donations (CSR) affected earnings per share by about 29% during the ten years of this study from 2013-2022. The robustness of the model was affirmed by the positive F-statistics of 12.92 and the p-value of 0.0110 (significant at 5%). The results also showed that corporate social responsibility donations (CSR) have a significant (0.011) negative effect on earnings per share.

Model II Regression Analysis Using Fixed Effect (FE)

Table 9 below shows the regression analysis of Model II, which has returns on assets (ROA) as the dependent variable, conducted with the aid of the Fixed Effects (FE) estimation method.

Table 9: Regression Analysis (Model II)

ROA	Coef.	Std. Err.	t	P> t
Log_CSRD	0.3486	0.1121	3.11	0.003
_cons	0.0110	0.0069	1.59	0.109
R-squared Overall				0.3070
F-statistics				13.01
Prob > F				0.0245

Source: STATA software.

Results shown in Table 9 above revealed that model II has an R-squared overall, which measures the coefficient of determination adjusted for the degree of freedom of 0.3070, indicating that corporate social responsibility donations (CSR) influenced return on assets (ROA) by approximately 31% during the ten years of this study from 2013-2022. The fitness of the model was confirmed by the positive F-statistic of 13.01 and the p-value of 0.0245 (significant at 5%).

Model III Regression Analysis Using Random Effect (RE)

Table 11 shows the regression analysis of Model III, which has returns on equity (ROE) as the dependent variable, conducted with the aid of the Random Effects (RE) estimation method.

Table 10: Regression Analysis (Model III).

ROE	Coef.	Std. Err.	z	P> z
Log-CSR	0.0227	.1032	0.22	0.829
_cons	0.0043	0.0051	0.84	0.322
R-squared Overall				0.2702
Wald chi2(1)				10.05
Prob > chi2				0.0003

Source: STATA software.

Results shown in Table 11 above revealed that model III has an R-squared overall of 0.2702, which measures the coefficient of determination adjusted for the degree of freedom, indicating that corporate social responsibility donations (CSR) influenced return on equity (ROE) by approximately 27% during the ten years of this study from 2013-2022. The fitness of the model was confirmed by the positive F-statistic of 10.05 and the p-value of 0.0003 (significant at 1%).

Test of Hypotheses

Hypothesis One

The result of the study in model I revealed that corporate social responsibility donations (CSR) have a significant (0.011) negative (-2.39) effect on earnings per share of the consumer goods companies in Nigeria covered by this study from 2013-2022. This finding implies that hypothesis one (H_{01}), which states that corporate social responsibility disclosures have no significant effect on earnings per share (EPS), is rejected.



Hypothesis Two

The study found in model II that corporate social responsibility donations (CSR D) have a significant (0.003) positive (3.11) effect on the return on assets (ROA) of the consumer goods companies in Nigeria covered by this study from 2013-2022. This finding implies that hypothesis two (H_{02}), which states that corporate social responsibility disclosures have no significant effect on return on assets (ROA), is rejected.

Hypothesis Three

The result of the study in model III revealed that corporate social responsibility donations (CSR D) have an insignificant (0.829) positive (0.22) effect on the return on equity (ROE) of the consumer goods companies in Nigeria covered by this study from 2013-2022. This finding implies that hypothesis three (H_{03}), which states that corporate social responsibility disclosures have no significant effect on return on equity (ROE), is accepted.

Discussion of Findings

This study found in hypothesis one (H_{01}) that corporate social responsibility donations (CSR D) have a significant (0.11) negative effect on earnings per share (EPS) of the studied consumer goods companies in Nigeria, with a t-value of -2.39 and a coefficient of -0.2754. These results indicate that when corporate social responsibility disclosures are left alone to influence earnings per share, CSR D will lead to about a 27% reduction in earnings per share of the companies. The finding tallies with those of Olubunmi (2023) and Yahaya and Lamido (2022), who observed that corporate social responsibility donations have a significant effect on earnings per share, but the finding contradicts that of Owolabi *et al.* (2022), who found that corporate social responsibility donations have an insignificant effect on earnings per share. This finding relates to the institutional theory, which holds that firms must show concern for the people with whom they co-exist, which tends to negatively impact their overall earnings.

This study also revealed in hypothesis two (H_{02}) that corporate social responsibility donations (CSR D) have a significant (0.003) positive effect on the return on assets (ROA) of the studied consumer goods companies in Nigeria, with a t-value of 3.11 and a coefficient of 0.3486. These results indicate that when corporate social responsibility disclosures are left alone to influence return on assets (ROA), CSR D engenders approximately a 34% reduction in return on assets (ROA) of the companies. The finding agrees with those of Inyang *et al.* (2023), Solanke *et al.* (2022), and Nangsih *et al.* (2022), who observed that corporate social responsibility donations have a significant effect on return on assets, but the finding disagrees with those of Anjo and Aliyu (2022); Ofurum *et al.* (2019), who found that corporate social responsibility donations have an insignificant effect on return on assets. The finding supports the signalling theory because companies that engage in social responsibility activities attract customers, which will increase sales and hence higher profits.

This study further observed in hypothesis three (H_{03}) that corporate social responsibility donations (CSR D) have an insignificant (0.829) positive (0.22) effect on the return on equity (ROE) of the studied consumer goods companies in Nigeria, with a coefficient of -0.0227. These results denote that when corporate social responsibility disclosures are left alone to determine the return on equity (ROE), CSR D brings approximately a 2% reduction in return on equity of the companies. The finding is in tandem with that of Volkova and Kuznetsova (2022) who reported that corporate social responsibility donations have a significant effect on return on equity, but it is at variance



with those of Yahaya and Lamido (2022); Solanke *et al.* (2022); Nangsih *et al.* (2022) who found that corporate social responsibility donations have a significant effect on return on equity. The finding also supports the signalling theory because socially responsible companies with higher profits have a higher potential to reward shareholders.

5.0 CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

From the results of this study, the following conclusions can be drawn include the following. The involvement of companies in carrying out social responsibility programmes potentially decreases earnings per share as resources expended on social activities are usually from profits. The practice of firms in contributing to the welfare of society and people always encourages patronage of its goods and services in addition to production processes devoid of interruption from the community's agitation, thereby leading to steady production, higher sales, more profits and hence higher returns. The effect of corporate social responsibility donations is positive but insignificant on return on equity, probably because of the large sums of the shareholders' contributions.

5.2 Recommendations

Consequent to the findings of this study, the following recommendations are made.

- i. Consumer goods companies in Nigeria should not spend the greater part of their profits on social responsibility just to please the community and people, but have to ensure that what accrues to the shareholder as earnings per share is reasonable to create a positive relationship.
- ii. Because the return on assets derives directly from the profitability of firms and social responsibility activities encourage more patronage of goods and services, more firms should pay greater attention to CSR to sustain the positive and significant relationship.
- iii. For return on equity to be positively and significantly affected by the corporate social responsibility activities of these companies, there should be more commitment to society to affect return on equity more significantly.



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