Impact of Social Responsibility Accounting On the Performance of Corporate Organizations in Nigeria: A Study of Selected Companies

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ABSTRACT
The study examined the impact of social responsibility accounting on the performance of corporate organizations in selected sectors in Nigeria. Ten (10) selected companies representing different sectors of the economy for a period of ten (10) consecutive years 2004 – 2014 were studied. Annual reports were majorly used to elicit data used for the study using Ordinary Least Square (OLS) model of multiple regression, which was analyzed using SPSS version 21. Result showed amongst others that corporate social responsibility or accounting has a significant impact on returns of Shareholders of Organisations in Nigeria. The study recommended amongst others, that shareholders should advise management in their regular meetings to critically and extensively look into corporate social responsibility as it affects such organisations since there is a significant impact of corporate social responsibility on shareholders’ returns.

Keywords: social responsibility, corporate organization, corporate disclosure, Accounting

INTRODUCTION
Corporations or corporate organization carry out their business operations within social environments. Corporate business activities create interactions between the corporations and the environments within which they operate. A business needs a healthy, educated workforce, sustainable resources and adapt government to compete effectively. For conducive and friendly business environments corporations usually participate in some environmental and social activities within their environments. These social and environmental activities may include monetary donations and aid given to local and non-local non-profit organizations and communities, including donations in areas such as the arts, education, housing, health, social welfare, and the environment, donations of money and materials to motherless homes and government hospitals, awarding of scholarship to indigent students, control of environmental air, land and water pollution, drainage cleaning, constructions and free donation of public school buildings, construction of roads, public toilets, employment of disable persons etc. These Corporate participations and involvements in social and environmental activities are referred to as corporate social responsibility or social responsibility accounting.

Social responsibility accounting (SRA) creates favourable good will and makes social and business environments conducive and friendly. A conducive and friendly social and business environment will enable corporations to achieve their main objective of profit and shareholders’ wealth maximisation. According to Cramer (2003), SRA implementation can provide opportunities to a firm and lead to added value. Holmes (1976), stated that improved reputation and enhancement of social community are the most expected positive results of SRA while the decrease of short-run profitability and conflict among social and financial goals are the possible negative outcomes in the view of executives.
In recent time due to our growing economy, there has been increasing demand for Organization to be socially responsible not only to their shareholders, employee, customer and government but also to their immediate environment where they exist and even beyond. According to Olagunju, Olurin and Okuyemi (2012) "an increasing number of shareholders, analyst, regulators, activist, labour unions, employees, community organizations and news media are asking companies to be accountable for an ever changing set of Corporate Social Responsibility issues. There is increasing demand for transparency and growing expectations that Corporation measure report and continuously improve their Social Environment and Economic Performance”.

The field of Corporate Social Responsibility or Accounting has grown tremendously, large number of companies now engages in a serious effort to introduce and integrate Corporate Social Responsibility into their Accounting and reporting system, though there is no approved standard yet on how it should be reported. With all these, one would not want to push Corporate Social Responsibility Accounting into the trash-can; this makes it a crucial and inevitable issue in the business world at large.

However, a number of studies have shown that Social Responsibility Accounting (SRA) activities often leads to greater organizational performance in western developed economies, researchers are yet to examine the strategic value of Corporate Social Responsibility Accounting in emerging economies (Belaid, 2009) of which Nigeria is one. It is important to note that in checking the value of Corporate Social Responsibilities in Organizations there exist different school of thought on how organizational performance is evaluated. According to Robert (2004) “Each group of Organizational stake holders will have a different view of organizational performance making it incumbent upon a researcher to select a perspective of performance that conforms to the phenomenon of interest”.

According to Pierre et al; (2010) organization performance encompasses three specific areas of firm outcomes. They are financial performance (profits, return on asset, return on investment etc), market performance (sale, market share etc) and shareholder's return (total shareholder return, economic value added etc). A new venture may be effective if it is accumulating resources and building market shares even at the expenses of profitability (Robert, 2004). It is against this background the study seeks to examine impact of social responsibility accounting on the performance of corporate organizations in Nigeria.

**Purpose of the Study**

The main purpose of the study is to ascertain the impact of corporate social responsibility accounting on organizational performance in Nigeria while in view of that, the study will specifically:

1. Evaluate the relationship between the level of Organizations Social Responsibility and their Financial Performance using Return on Asset as variable
2. Ascertain the relationship between Organizations Social Responsibility and Market Performance using return on sale as variable
3. Determine the relationship between Organizations Social Responsibility and Shareholders Return using Return on Capital Employed (ROCE) as variable

**Hypotheses of Study**

The following research questions were formulated for the study:

1. HO: There is no Positive and significant relationship between Organizations Social Responsibility and the Organizations Financial performance.
2. HO: Increase in the corporate Social responsibility does not lead to increased market performance.
3. HO: There is no significant relationship between organizations social responsibility and shareholders returns.

**LITERATURE REVIEW**

**Conceptual Framework**

**Corporate Social Responsibility and Corporate Social Responsibility Accounting**

According to Helg (2007) Corporate Social Responsibility (CSR) is "the set of standards to which a company subscribes in order to make its impact on society, has the potential to contribute to sustainable development and poverty reduction in the world". The European Foundation for Quality Management (EFQM) (2004) defined Corporate Social Responsibility as a whole range of fundamentals that
organizations are excepted to acknowledge and to reflect in their actions. It includes among other things, respecting human rights, fair treatment of the workforce, customers and suppliers. Being good corporate citizens of the communities in which they operate and conservation of the natural environment (The EFQM Framework for social responsibility 2004).

The concept "Corporate Social Responsibility" (CSR) has a philosophical Orientation (Wartick and Cochran, 1985) Corporate Social responsibility was described by Jones (1996) as an "Ideology" which was advanced during the past 50 years with the business and society research tradition, while Epstein (1987) says it "refers to corporate performance that is normatively correct with respect to all constituents of the firm. Zanisek (1979) went further to say that Corporate Social Responsibility accounting was also seen by Epstein (1998) as "the identification, measurement, monitoring and reporting of the social economic effects of an institution on society intended for both internal managerial and external accountability purposes". It emphasizes the notion of corporate accountability, in essence, social accounting demands that organization put in place practices that contribute to the planet's sustainability and to the overall well being of humanity.

According to Matthews and Perera (1996), Corporate Social Responsibility Accounting is "an Extension of disclosure into non-traditional areas such as providing information for employees, products, community service, the prevention and reduction of pollution. However, it is used to describe a comprehensive form of accounting which takes into account externalities", Externalities here include information on the company's effect on the community and the environment, customer satisfaction and employee welfare. Mc Oliver and Yomere (1999) opine that "to live within an environment is to take into account in every action those elements of our surroundings, which are important to us and others."

**Evolution Corporate Social Responsibility Accounting (CSR)**

The idea of social responsibility appeared in the United states around the start of the 20th century to Carroll (1989), there have been three critical turning points in the evolution of social responsibility, the first one he called “Entrepreneurial Era”: this was the time in which America business magnates like John Rockefeller, Cornelius Vanderbilt, J.P. Morgan and Andrew Carnegie were amazing wealth and building industries empires.

Unfortunately, they abused their Powers and were found guilty of antisocial and anti-competitive practices such as labour lockouts, discriminatory pricing policies, kick backs, blackmails and tax evasion, there were public outcry against them and government was forced to outlaw some business practices and restrict others, the laws also defined the relationship among business, the government and society and specified that business had a role to play in society beyond profit maximization.

The next turning point occurred during the Depression Era of 1929 through the 1930's. At the time the economy of the United States was dominated by large Organizations and many people criticized them for sharp financial practices. This made government to pass more laws to protect investors and smaller business. And by extension, the social responsibility of organization was more clearly defined. The third landmark social responsibility came during the Social Era of 1960's. The period was characterized by social Unrest in the United States. This made government to take a close look at Organizational practices. 

At this time it was clearly defined whom the business is responsible to and who in an organization is responsible for the organizational practices.

The last turning point in the evolution of Corporate Social Responsibility according to Goddard (2005) came in 1953 with the publication of Bowen's book "Social Responsibilities of Business men". At that time the emphasis was placed on people's conscience rather than on the company itself. A number of factors such as managerial revolution, a growing hostility of people who experience social problems demanding changes in business led to the shift in focus.

**Drivers for Corporate Social Responsibility Accounting**

To be able to understand the concept of corporate social responsibility accounting, it is of much importance to explore its drivers. According to Helg (2007), it was opined that "the chosen priorities differed according to the perception of local need". Some of these issues are:

- Human rights
- Employee rights
- Environmental protection
Community involvement
Supplier relations

Even though stakeholders across the world agreed to the importance of these issues there are always regional differences with so much regard to priorities and understanding.

Drivers like:
- Local needs (community expectations) / public pressures
- Globalization (including multinational influences)
- Competition
- Public relations (branding)
- Regulation
- Firms success

They went further to add that "these drivers are not unique to Nigeria and have been identified in other culture and National business system” (Amaeshi, Adi, Ogbechie and Amao, 2006). Ajadi (2006), in a concept paper on Corporate Social Responsibility Accounting in Nigeria delivered to British council conference on corporate social responsibility in Nigeria 2006, specifies some additional specific drivers for corporate social responsibility in Nigeria:-

- The failure of centralized government controlled economy to develop the country
- The extra-ordinary transaction cost to business of corruption and other failures of social capital
- The history of conflict and waste in the extractive industry exemplified by the Niger Delta
- The Nigeria population whose majority is under the age of 25 and a large ignored despite the fact that they are critical to the survival and failure property of business and the country at large
- The potential benefit of a commercially active and productive country of over 120 million potential consumers.

Corporate Social Responsibility - Reporting and Disclosure

According to McNamara (1999), "social accounting is a part of the knowledge of accounting and reporting that aims to measure the social effect (social costs and benefits) arising from the business unit's activities. The Social Accounting can be issued by an organization with Information that allows stakeholders to the organization's performance in dealing with social responsibility issues (positive and negative) to assess. (Richmond and Etal, 2003) Estes (2005) suggested that a corporate and responsibility social reporting model be divided into two main categories:-

a. Social benefits
b. Social costs

Social benefit includes those benefits provided by an entity for which it is compensated as well as those external economics for which no compensation is received.
Social cost on the other hand is any sacrifice made to the society whether economics or non-economics internal or external. Examples of these corporate social responsibility Benefits and costs are as follows.

<table>
<thead>
<tr>
<th>Corporate social Benefits</th>
<th>Corporate social costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product and service provided</td>
<td>Environmental Damage</td>
</tr>
<tr>
<td>Employee's satisfaction</td>
<td>Building and equipment purchase</td>
</tr>
<tr>
<td>Equipment facility services</td>
<td>Work related injuries and illness</td>
</tr>
<tr>
<td>Improvement in environment</td>
<td>Air and water pollution</td>
</tr>
<tr>
<td>Donations</td>
<td>Sewage disposal</td>
</tr>
</tbody>
</table>

Source: Field Survey (2015)

According to (William, Frederick and Mildred, 2001) there are four basic assumption of social responsibility accounting system which includes:-

1. Each business units has obligations towards its surrounding communities that do not adhere to them.
2. Goods that were previously free, others are not so available for free
3. Of the inalienable right of the community that the social obligations and also the conduct of its business unit to increase their awareness and knowledge is required to be on principles of accounting reporting
4. Accounting of costs and social benefits to the business units of social return on investment can be calculated.

Most times data form informal economic transactions between businesses units are ignored, making accounting profits to be based on market transactions only. According to Gholami, Parvizi, Tamrinesa, Nemati, Abgineb and Emami (2002) is a part of the group accounting of the business and should be according of the business and should be accorded so. Some group believe that Corporate Social Responsibility Accounting should be valued and included in the company financial statement, that is, it is seen as an extension of the traditional accounting but others are of the opinion that Corporate Social Responsibility Accounting should be completely a separate issue reported separately from the company's financial statement, such a s management accounting, cost accounting etc. Commenting on the news the institute of chartered accountings in England and Wales financial reporting faculty head Nigel Sleigh - Johnson said "This announcement underlines the increasing focus on reporting on aspects of business other than the purely financial which we know many investors believe are important in the UK disclosures about environment and social issues have been required for some tune" (Minter, 2014).

With these one can say a revolution has taken place in sustainability reporting. These days' organization and stakeholders acknowledge the importance of collecting and reporting non-financial data but companies vary in extent and methods, deployed on how to disclose this information especially as a tool for strategic growth. No one laid down standard exist for corporate social responsibility financial accounting and reporting. Just as it takes any new issue time to evolve; corporate social responsibility accounting is some still evolving. Under down and Glutier (1997) stated three main approaches for companies according for social responsibilities:

**Descriptive Approach:** This approach advocated the listing of all social activities which may be reported form of short sections in the annual report to shareholders, or in a separate publication dealing with corporate social responsibility. The disadvantage of this approach is not being qualified to enable a good assessment of corporate responsiveness towards its social responsibility

**Cost outlay Approach:** This approach list corporate expenditure on each activity undertaken, quantified in money terms. The advantage of this approach is that, it makes comparison in achievements between successive years in the level of financial commitment of social activities to be possible. The disadvantage, however is that it does not disclose the benefits made and therefore does not comply with the matching concept. Similarly it may include inefficient programs.

**Cost Benefit Approach:** This approach matched expenditure incurred on each social activity with the benefit associated with it this approach it is difficult to quantify some elements of benefits as they are qualitative. Molteni, (2004) further states that “the costs generated by the introduction of CSR are of two different types: Sometimes they are easy to measure while other times they concern intangible resources and so it is difficult to quantify them.

In conclusion, corporate disclosure comprises of mandatory and voluntary reporting, mandatory reporting discloses information required by law or reporting practice (Gray et al 2001) such as GAAP - complaint financial statements. Voluntary reporting is not regulated but it discloses information that is none the less useful to stakeholders decision making process (Dawkins and Frass, 2007) and as at now it is worthy of note that corporate social responsibility is a form of voluntary reporting in which it differs substantially from financial and operational disclosures. Caterina, (2013) puts it that “when incorporating CSR, Corporations have to take into account that they will have to bear extra costs; so to be willing to invest in it the integration of CSR should generate benefits as well.

**Benefits of Corporate Social Responsibility Disclosure**

Disclosing corporate social activities could lead to variety of benefits:-

- An enhanced public image and increased brand value for being transparent and accountable
To provide comprehensive and important information for planning economic activities as it relates to profitability.

At a glance it shows the loop holes weak points or risky areas of the business, so that caution could be exercised sequentially.

It would increase customer's loyalty when companies can out rightly claim responsibility for their actions.

The confidence and trust of other stakeholders would be enhanced.

It can lead to a healthier and safer work force because it will be seen as a source of motivation to employees.

**Barriers of Corporate Social Responsibility Disclosure**
There are still some barriers affecting corporate responsibility disclosure, these problems are as follows:-

- **Problems of perceived users objectives:** The users of such information defers and each user has its perceived objective which it hopes to derive, this brings a contrast to the other objectives or even the objective of the enterprise, therefore the identification of these needs possess a complex problem.

- **Lack of general acceptable standards for corporate social responsibility:** Here, there are no laid down generally acceptable standards of corporate social responsibility of business enterprise, organizations have not yet developed clear views of society's preferences and priorities there they are not able to achieve a well-planned social activity plan nor make a good report on their performance.

- **Problem of measurement and reliability:** It poses a big problem to the accounting and reporting on corporate social responsibility performance because as earlier discussed the possibility of a unit of measurement has not been reached. Therefore in the absence of such measurement unit, relying on the data and information on corporate social responsibility which are based on majorly estimate may be misleading (that is, not showing the true picture.)

- **Expensive to implement:** This could be an issue here because since accountants may not be able to measure these social factors and their associate cost and benefits the services of experts and would be engaged and this may be time consuming and ofcos include additional cost which may definitely be expensive.

**Roles of Accountant in Corporate Social Responsibility Accounting**
According to Cross; Jarrell; Mays; and Peter (2014) “the implementation of corporate social responsibility in organization is going to change the roles of Financial Accountants Auditors and Management Accountants”.

Chastain (1973) purports that; the role of financial accountant will change because in today's society there is "a problem of achieving a balance between social and economic goods." Accountants will face challenges in preparing and presenting the information in a way that is useful and understandable to the relevant stakeholders as a result of this the scope of work of these accountants would increase so as to meet the new trends in the accounting and reporting of financial information as Chastain went further to say that even though there is conflict between the two domains the stake holders have said that "social goals and economic income goals should be equal goals for a corporation. Therefore the financial accountants have to be involved in both the classification of these costs, the preparation and the presentation of the information on corporate social responsibility. Accountants whom are Auditors would also need to adjust themselves to applying their auditing standards and practices by first getting very familiar with the different regulations and the social issues for the industry that the company operates in, they must understand the laws because they have to evaluate the firm's compliance with these laws and regulations this may pose a bit of issues as most Auditors have focused mainly on financial issues up to this point in their career. There may however be many challenges in presenting this information fairly in all material aspects. Also the scope of the management accountant would be increased because he has to study all the social issues, their supported regulations and he has to come up with templates to support management in making budgetary decisions for both negative and positive externalities arising from the enterprise actions.
Theoretical Framework
The Stakeholder theory
This theory holds that business Organization must play an active social role in the society in which it operates. At this point it is important to note that this study is majorly built on the Stakeholders Theory. An advocate of this theory, Freeman (1984) presented a more positive view of manager's support of corporate social responsibility. He asserts that managers must satisfy a variety of constituents who can influence the firm's outcome. According to this view, it is, not sufficient for managers to focus exclusively on the needs of stock holders (shareholders) which are the owners of the corporation. Stakeholders theory implies that it can be beneficial for the firm to engage in certain corporate social responsibility activities that non-financial stakeholders perceive to be important, otherwise these group might withdraws their support. Corporate Social Responsibility Accounting is all about recognising that there are other important stakeholders involved in the business environs other than the shareholders and they too should be put into focus when making decisions as it concerns the businesses. According to the World Business Council for Suitable Development (2000) companies had a responsibility to the following stakeholders:-

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owners and investors</td>
<td>high profit</td>
</tr>
<tr>
<td>Employees</td>
<td>consistent, fairly compensated employment</td>
</tr>
<tr>
<td>Customers</td>
<td>high quality product and service</td>
</tr>
<tr>
<td>Business partners</td>
<td>fair, ethical treatment as partners</td>
</tr>
<tr>
<td>Suppliers</td>
<td>consistent customers upon which to base the supplier's business</td>
</tr>
<tr>
<td>Competitors</td>
<td>maintain industry image</td>
</tr>
<tr>
<td>Government regulators</td>
<td>meeting or exceeding regulations</td>
</tr>
<tr>
<td>Non-governmental Organization</td>
<td>meeting or exceeding their expectations</td>
</tr>
<tr>
<td>Communities</td>
<td>stable employment for community members</td>
</tr>
</tbody>
</table>

Therefore it can be said that Stakeholders are individuals or groups directly or indirectly affected by business organisations in pursuit of its goals and objectives. They can be internal and external. Internal stakeholders are from within the organisation, examples are Employees and Management while External stakeholders are from outside the Organisation, and examples are governments, customers’ etcetera.

METHODOLOGY
Case study and Survey method research design was adopted for the study. Case study design is utilized get a comprehensive understanding of a single idiosyncratic case, the results are not generalizable; hence the case study would therefore be appropriate for this study while survey method is particularly useful for this study, due to the fact that the research is exploratory and causal in nature (Milne and Adler, 1999; Krippendorf, 1980). The population for the study all the companies of different sectors of the economy listed on the Nigerian Stock Exchange. Each company in the population must have finished its obligation in delivering annual report from 2004-2013.

The sampling method used for this study was the simple random and judgmental sampling method. It was done at the researcher's discretion based on the following criteria:-

- Represent different sector of the economy and are operational and important to the Nigeria economy
- These companies must have been in operation for a minimum of 10 years at least to ensure that they must have been old enough to discharge Corporate Social Responsibilities.
- They have updated financial records with NSE within the scope of our study (2004-2013)
- These financial statements were at least readily available and accessible to the researcher
- They are still in existence as at date, 2015
They are as follows:

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of Companies</th>
<th>Sector Represented</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>MTN</td>
<td>Telecommunication</td>
</tr>
<tr>
<td>2</td>
<td>GlaxoSmithKline Consumer Nigeria Plc</td>
<td>Pharmaceutical Biotechnology</td>
</tr>
<tr>
<td>3</td>
<td>Oando Plc</td>
<td>Oil &amp; Gas</td>
</tr>
<tr>
<td>4</td>
<td>Dangote Sugar Refinery</td>
<td>Food processors &amp; Producers</td>
</tr>
<tr>
<td>5</td>
<td>C&amp;I Leasing Plc</td>
<td>Investment Sector</td>
</tr>
<tr>
<td>6</td>
<td>PZ Industries Plc</td>
<td>Diversified Industry</td>
</tr>
<tr>
<td>7</td>
<td>Access Bank</td>
<td>Banks</td>
</tr>
<tr>
<td>8</td>
<td>Lafarge Cement Wapco Nigeria Plc</td>
<td>Construction and Building Materials</td>
</tr>
<tr>
<td>9</td>
<td>Livestock feed Plc</td>
<td>Agricultural Sector</td>
</tr>
<tr>
<td>10</td>
<td>Guiness Nigeria Plc</td>
<td>Beverage Sector</td>
</tr>
</tbody>
</table>

Source: Field Survey (2015)

Sources of the data used were strictly secondary because the data was gotten majorly from Annual reports of the selected Companies. The study adopted the use of corporate annual reports of listed companies as our main source of data, considering the objectives of this study also, due to the fact that annual reports are readily available and accessible. Annual reports for these 10 consecutive years, i.e. (2004 - 2013), were employed to achieve our objectives. Data were collected from the report on value of return on Assets, return on sale, return on capital employed, corporate social responsibility (charitable donation, environmental protection and training) and total assets.

**Model Specification**

In examining the precise impact of corporate social responsibility on financial performance of firms in Nigeria, empirical model employed by Damagun & Zik-Rullahi, (2014) was adopted and modified to achieve the specific objectives of this study.

Econometric model employed:

\[
\text{ROS} = [\alpha_0 + \alpha_1 \text{EPN} + \alpha_2 \log Cc + \alpha_3 \log TRN + \alpha_4 \log Fs + \ldots \mu_it] \quad (1)
\]

\[
\text{ROE} = [\alpha_0 + \alpha_1 \text{EPN} + \alpha_2 \log Cc + \alpha_3 \log TRN + \alpha_4 \log Fs + \ldots \mu_it] \quad (2)
\]

Where:

\( \text{ROS} \) = Return on Sales

\( \text{ROE} \) = Return on Equity

\( \text{EPN} \) = Environmental Protection

\( \text{TRN} \) = Training

\( \text{Cc} \) = Charitable Contribution

\( \text{Fs} \) = Firm Size (as represented by total assets)

The model was adopted and modified by adding return on capital employed to achieve the specific objectives. The first and second and third objectives were captured in the models below:

\[
\text{ROA} = [\alpha_0 + \alpha_1 \text{EPN} + \alpha_2 \log Cc + \alpha_3 \log TRN + \alpha_4 \log Fs + \ldots \mu_i] \quad (1)
\]

\[
\text{ROS} = [\alpha_0 + \alpha_1 \text{EPN} + \alpha_2 \log Cc + \alpha_3 \log TRN + \alpha_4 \log Fs + \ldots \mu_i] \quad (2)
\]

\[
\text{ROCE} = [\alpha_0 + \alpha_1 \text{EPN} + \alpha_2 \log Cc + \alpha_3 \log TRN + \alpha_4 \log Fs + \ldots \mu_i] \quad (3)
\]

**Measurement of Variables**

Two of the corporate social responsibility variables – Environmental Protection (EPN) and Training (TRN) are non-metric variables. They are both limited to the extent of their being reported in the financial statements. Training carries one (1) where there is an indication in the financial statements that the company is engaged in employee training and development programmes for its staff and carries zero (0) when such is not disclosed in the financial statements.

Environmental protection was measured along four indicators: Environmental Policy, Environmental Impacts, Environmental Management System, and Environmental Performance Disclosure. When a company reports on any of these, it carries one (1) otherwise zero (0).

Third variable is charitable contributions represented by the total amount of money spent by the firm as philanthropic costs or donations while firm size being a control variable is denoted by total assets. Due to
the widely spread value nature of the metric variables (Cc and Fs), we find their natural logarithm as employed in the work of Matthew & Rebecca (2008).

The dependent variable is financial performance represented by Return on Sales and Return on Equity. Return on Sales is computed as net income before interest and tax divided by sales, return on equity is computed as percentage and calculated as : Return on assets= Net Income/fixed asset while return on capital employed is computed as net income before interest & tax divided by shareholders equity & liabilities.

Net income is for the full fiscal year (before dividends paid to common stock holders but after dividends to preferred stock). Shareholder’s equity does not include preferred shares.

For the purpose of the first model, performance was represented by Return on Sales (ROS), in the second model; performance was represented by Return on assets (ROA) while the third model; performance was represented by Return on Capital Employed (ROCE) as calculated using disclosed companies annual reports for the year under review. In both models, firm size as represented by total asset was introduced as a control variable to test its effect on the model.

Method of Data Analysis

Analysing the stated hypotheses, linear regression model was estimated using the ordinary least square (OLS) method.

Decision Rule:

If the p-value for the calculated sample value of the test statistic is less than the chosen significance level α, reject the null hypothesis at significance level α.

P-value < α ⇒ reject H₀ at significance level α.

If the p-value for the calculated sample value of the test statistic is greater than the chosen significance level α, accept the null hypothesis at significance level α.

P-value ≥ α ⇒ reject H₀ at significance level α.

The statistical tools were appropriate for these tests because of the relationship and the form of data generated for the study. Statistical package for social sciences (SPSS) version 20 was used to compute the data.

RESULTS

Hypotheses

H₀₁: There is no positive significant relationship between corporate social responsibility and the organisations’ financial performance

Table 1: Regression Analysis with CSRC against ROA

<table>
<thead>
<tr>
<th>Statistical variable</th>
<th>Co-efficient</th>
<th>T – statistics</th>
<th>p- values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept(∞)</td>
<td></td>
<td>3.786</td>
<td>0.000</td>
</tr>
<tr>
<td>EPN</td>
<td>0.056</td>
<td>0.643</td>
<td>0.522</td>
</tr>
<tr>
<td>TRN</td>
<td>-0.396</td>
<td>-4.460</td>
<td>0.000</td>
</tr>
<tr>
<td>Cc</td>
<td>0.326</td>
<td>3.673</td>
<td>0.000</td>
</tr>
<tr>
<td>TASSET</td>
<td>-0.155</td>
<td>-1.755</td>
<td>0.083</td>
</tr>
<tr>
<td>R</td>
<td>0.563</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R²</td>
<td>0.317</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted R²</td>
<td>0.289</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: SPSS version 20 window output

The result in Table 1 shows a multiple correlation co-efficient (R) value of 0.56, which is close to one from the positive side. This suggests that there is a strong positive relationship between the dependent variable (ROA) and the independent variables (EPN, TRN Cc & TASSET). The co-efficient of determinant (R²) of 0.32 indicates that about 32% of the variation in ROA is attributable to changes in EPN, TRN, Cc & TASSET. In other words, about 68% change in ROA is due to other variables other than EPN, TRN, Cc & TASSET, hence the model is a good fit.
The P-Value associated with TRN (0.000) and Cc (0.000) is less than significance level \( \alpha \) (0.05), it indicates a significant implication. Therefore, the null hypothesis is rejected. This implies that corporate social responsibility (Training and Charitable donations) have a strong positive significant implication on organisations’ financial performance in Nigeria with the exception of environmental protection.

**Hypothesis 2**

HO\(_2\): There is no positive relationship between corporate social responsibility and market performance in Nigeria

**Table 2: Regression Analysis with CSRC against MVE**

<table>
<thead>
<tr>
<th>Statistical Variable</th>
<th>Co-efficient</th>
<th>T-statistics</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept ((\infty))</td>
<td>0.866</td>
<td>0.389</td>
<td></td>
</tr>
<tr>
<td>EPN</td>
<td>0.020</td>
<td>0.195</td>
<td>0.846</td>
</tr>
<tr>
<td>TRN</td>
<td>-0.075</td>
<td>-0.707</td>
<td>0.482</td>
</tr>
<tr>
<td>Cc</td>
<td>-0.007</td>
<td>-0.064</td>
<td>0.949</td>
</tr>
<tr>
<td>TASSET</td>
<td>0.122</td>
<td>1.161</td>
<td>0.249</td>
</tr>
<tr>
<td>R</td>
<td>0.152</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(R^2)</td>
<td>0.023</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted (R^2)</td>
<td>-0.018</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source: SPSS version 20 window output**

Table 2 shows a multiple correlation co-efficient (R) value of 0.15, which is close to zero from the positive side. This suggests that there is a weak positive relationship between the dependent variable (ROS) and the independent variables (EPN, TRN Cc & TASSET). The co-efficient of determinant (\(R^2\)) of 0.02 indicates that about 2% of the variation in ROS is attributable to changes in EPN, TRN, Cc & TASSET. In other words, about 98% change in ROS is due to other variables other than EPN, TRN, Cc & TASSET, hence the model is not a good fit.

The p-value associated with EPN (0.846), TRN (0.482), Cc (0.949) and TASSET (0.249) is greater than significance level \( \alpha \) (0.05), it indicates that there is no implication. Therefore, the null hypothesis is accepted. This implies that there is no positive relationship between corporate social responsibility and market performance of firms in Nigeria.

**Hypothesis 3**

HO\(_3\): There is no positive relationship corporate social responsibility and shareholders’ return on firms in Nigeria

**Table 3: Linear Regression Analysis with CSRC against ROCE**

<table>
<thead>
<tr>
<th>STATISTICAL VARIABLES</th>
<th>CO-EFFICIENT</th>
<th>T-STATISTIC</th>
<th>P-VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept ((\infty))</td>
<td>11.539</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>EPN</td>
<td>-0.581</td>
<td>-7.669</td>
<td>0.000</td>
</tr>
<tr>
<td>TRN</td>
<td>-0.482</td>
<td>-6.195</td>
<td>0.000</td>
</tr>
<tr>
<td>Cc</td>
<td>-0.015</td>
<td>-0.194</td>
<td>0.846</td>
</tr>
<tr>
<td>TASSET</td>
<td>0.018</td>
<td>0.232</td>
<td>0.817</td>
</tr>
<tr>
<td>R</td>
<td>0.691</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(R^2)</td>
<td>0.477</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted (R^2)</td>
<td>0.455</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source: SPSS version 20 window output**

The result in Table 3 indicates that multiple correlation co-efficient (R) value of 0.69, which is close to one from the positive side. This suggests that there is a strong positive relationship between the dependent variable (ROCE) and the independent variables (EPN, TRN Cc & TASSET). The co-efficient of determinant (\(R^2\)) of 0.48 indicates that about 48% of the variation in ROCE is attributable to changes in EPN, TRN, Cc & TASSET. In other words, about 52% change in ROCE is due to other variables other than EPN, TRN, Cc & TASSET, hence the model is a good fit.
The P-Value associated with EPN (0.000) and TRN (0.000) is less than significance level $\alpha$ (0.05), it indicates a significant implication. Therefore, the null hypothesis is rejected. This implies that corporate social responsibility (Environmental protection and Training) have a strong positive significant implication on Organisations Shareholders returns in Nigeria.

**DISCUSSION OF THE FINDINGS**

Corporate Social Responsibility has been used as a dependent and independent variable influenced by financial performance in so many researches, majority came out with a positive relationship between the two variables, a few reported negative while some found no significant relationship and some others reported mixed results. This particular research gives an insight into the Impact of Corporate Social Responsibility on Organisational Performance in Nigeria dividing performance into three aspect; Financial performance, Market performance and Shareholders Return, variables used were as follows; the book value of return on Assets, return on sale, return on capital employed, corporate social responsibility (charitable donation, environmental protection and training) and total assets.

The result in Table 1 showed that return on asset (ROA) of selected firms for a period of ten (10) years was regressed against the cost of corporate social responsibility (Environmental protection, Training & Charitable contribution) which the result showed that there is a strong positive relationship between the dependent variable (ROA) and the independent variables (EPN, TRN Cc & TASSET) therefore signifying that Corporate Social Responsibility (Training and Charitable donations) have a strong positive significant implication on organisations’ financial performance in Nigeria with the exception of environmental protection.

The result in Table 2 (hypothesis 2) indicated that there was a weak positive relationship between the dependent variable (ROS) and the independent variables (EPN, TRN Cc & TASSET). In testing this hypothesis, return on asset (ROS) of selected firm for a period of ten (10) years was regressed against the corporate social responsibility (Environmental protection, Training & Charitable contribution). This implies that there is no positive relationship between corporate social responsibility and market performance of firms in Nigeria. the finding confirms the report of (Friedman, 1962) and (Friedman, 1970) that CSR reduce the firm’s competitiveness and its financial performance.

The result in Table 3 indicated that there is a strong positive relationship between the dependent variable (ROCE) and the independent variables (EPN, TRN Cc & TASSET). Return on asset (ROCE) of selected firm for a period of ten (10) years was regressed against the corporate social responsibility (Environmental protection, Training & Charitable contribution). This implies that corporate social responsibility (Environmental protection and Training) have a strong positive significant implication on organisations Shareholders Return in Nigeria. The findings supports the report of Isaksson and Steimle (2009), who emphasized that CSR is the company’s commitment to behave socially and environmentally responsible while striving for its economic goals.

**CONCLUSION**

There are a lot of reasons why companies in Nigeria engage in corporate social responsibility (CSR). Some practice it in active compliance with the law, creation of goodwill, friendly conducive business environment, and because it is the right thing to do for the society and environment. The findings of the study indicated that financial performance of organisations in Nigeria could also be affected one way or the other by how socially responsible these organisations. Also, the study found out that there is no positive relationship between corporate social responsibility and organisations’ market performance in Nigeria. Finally, this study found out that there is a strong positive relationship between corporate social responsibility and shareholders’ returns on organisations in Nigeria.

**RECOMMENDATIONS**

1. Organisations are advised to improve on its efforts of being socially responsible to its stakeholders and environment at large so as not to cut short their expectations, since they create an environment for these organisations businesses and activities to thrive in.
2. Shareholders should advise management in their regular meetings to critically and extensively look into corporate social responsibility as it affects such organisations since there is a strong positive relationship between corporate social responsibility and shareholders’ returns on organisations in Nigeria.

3. Government should also sensitise these organisations about the dangers of not being socially responsible and the benefits thereof.

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