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Effect of Corporate Social Responsibility (CSR) on Commercial Banks' Performance in Nigeria

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ABSTRACT

This study, effect of Corporate Social Responsibility (CSR) on the financial performance of banks in Nigeria, generally aimed at examining the impact of CSR on banks financial performance by trying to ascertain such impact on the earning per share, and gross earnings. To this effect, the study adopted an ex-post factor research design of which secondary data in the form of annual time-series data of Nigerian commercial banks for the period of 2019 only was used. It was observed that of all the 18 commercial banks in Nigeria, only 14 were seriously engaged in CRS activities, so this constitute the sample for the study. There was no uniform number of years and activities for the population under study; therefore data was collected for a year from multiple variables to suit the cross-sectional longitudinal study. Simple regression analysis was used in the data analysis, and the results of this analysis showed that; there is no statistically significant effect of corporate social responsibility on the earning per share of selected banks in Nigeria ($\beta_{1=}$ 0.544, p= 0.1362), there is a statistically significant effect of corporate social responsibility on gross earnings of selected banks in Nigeria ($\beta_{2=}$ 0.64, p= 0.048). There is a statistically significant effect of corporate social responsibility expenditure on the profit after tax of the selected banks in Nigeria ($\beta_{3=}$ 0.72, p= 0.0048) and that there is no statistically significant effect of the corporate social responsibility expenditure on the total assets of selected banks in Nigeria ($\beta_{3=}$ 0.52, p= 0.3499). The study recommends that Nigerian banks should leverage on CSR practices to achieve their shareholders interest of profit maximization and invariably their corporate objectives. The researcher also recommends that further studies can be carried out in another industry or on other proxies that would be observable so as to make for the use of a panel data analysis.

Keywords: CSR expenditure, Earning per Share, Gross Earnings

INTRODUCTION

It has been a general practice since time immemorial for people to demand some sort of recompense from businesses that exist or operate within their vicinity as a means of compensation for damages that these businesses may be causing in these areas by their operations. Common sense also suggests that organizations ought to show some sort of responsibility for their actions, particularly those that involves the degradation and damages of the environment. This has definitely sparked the argument as to whether firms should concern themselves with activities that have been termed social responsibility or not. For instance, while many believe that the only responsibility of a business is to ensure maximum profit to shareholders that will determine the use of resources, others believe that businesses need to do more than just make profit (Andriof and McIntosh, 2001). Andriof and McIntosh, (2001) aver that the only business that a business should be concerned with should be business, meaning that firms need not take up any other additional responsibilities since it will diminish the profit making focus of these firms. Doane,

(2005) contradicts this view, saying that a firm is responsible for all its stakeholders and therefore should take greater responsibility for the society at large and seek to solve social and environmental problems in its market. When a company engages in activities that are involved with being responsible to all its stakeholders and as well as the society at large, it is termed as Corporate Social responsibility (CSR).

The entire gamut of CRS has been viewed by different authors from different angles. The Nigeria Social Enterprise Reports (2012), describes CSR as the way a company achieves a balance or integration of economic, environmental and social imperatives while at the same time addressing shareholders and stakeholders. The implication of this definition is that CSR is generally seen as the contributions that businesses make to the sustainable development (development that meets the needs of the present without compromising the ability of the future generations to meet their own needs). From the foregoing, it can be deduced that CSR is a very important concept for today's businesses, especially for contemporary managers as they have to make decisions that affects their intermediate and macro environment directly or indirectly. It is therefore safe to suggest that one of the various ways through which banks in Nigeria can survive their business environment, is to keep paying attention to their environment. Off course they need not pay attention only to their environment; they also need to check for how these activities affect them in terms of their performance (Osemene, 2012). In other words, there is need for business organizations to strike a balance between being responsible to their host communities and also their survival.

Statement of the Problem

To what extent expenditure on CSR by banks in Nigeria affects their performance? What is the relationship between expenditure on CSR by banks in Nigeria, gross earnings and their profit after tax. Bitros and Santos (2012), asserted that every firm's goals are to grab larger share of their existing markets, by enjoying greater earnings for their share, accumulating high gross earnings with greater total assets and bigger profit after tax. All these in one way or the other will culminate into increased financial performance that invariably results in increased customers' satisfaction, increased employees' satisfaction, growth and as well as increased environmental satisfaction in the form of CSR. Environmental satisfaction could sometimes become a major source of expenses to the extent that it may become a burden on the firm's performance.

Most host communities to businesses in Nigeria, in this case banks often make demands that will warrant these businesses to part with some of their ownership rights, demands such as certain percentages for indigenous employees, some form of royalties for their tenure-ship, etc., in the name of CSR, can become major sources of expenditure for these banks as it bound to reduce the earnings the make per share. Similarly, CSR activities are not totally predictable, i.e. certain situations like natural disasters or epidemics often trigger CSR activities, and since some of these conditions are often not planned for by the banks, the expenses sometimes become too cumbersome for the banks, and as such reduce their gross earnings drastically. Also, there are times when banks are forced to forfeit some of their properties, or provide some basic amenities like electricity and water for their host communities. This sometimes entails giving up their machines, which means reduction in their total assets.

Finally, since CSR activities are often done from profit generated in the course of operations, it therefore means that the profit after tax of the banks are often reduced due to CSR activities. The above scenarios may portend problems for banks in Nigeria as it may be a source of boost or be reducing the financial performance of these banks. It is against these backdrops that this study was conducted to explore the effect of CSR activities on the financial performance of banks in Nigeria.

Objectives of the study

The broad objective of this study is to examine the effect of corporate social responsibility on the financial performance of banks in Nigeria.

The specific objectives include to:

1. Ascertain the effect of expenditure on corporate social responsibility on the earnings per share of the selected banks in Nigeria.

2. Determine the effect of expenditure on corporate social responsibility on the gross earnings of the selected banks in Nigeria.

Research Questions

1. To what extent is the effect of CSR activities positively significant on the earnings per share of the selected banks in Nigeria?
2. To what extent is the effect of CSR activities positively significant on the gross earnings of the selected banks in Nigeria?

Hypotheses

H01: CSR expenditure has no significant effect on the earnings per share of the selected banks in Nigeria.

$H_0$2: CSR expenditure has no significant effect on the gross earnings of the selected banks in Nigeria.

Significance of the study

The benefits of the research are quite enormous, particularly to the banks in Nigeria. This is basically because the research will serve as a template for the owners and managers of these banks, to use as one of their best strategies for tackling issues concerning their CSR activities. It will also highlight grey areas for these banks on how to effectively allocate resources to their CSR activities. For the host communities also, this research will serve as a guild to understanding the in tricks of CSR and how they can achieve these without bankrupting their guess businesses.

This research will also be literature for students for further studies and as well as contribution to the already existing knowledge on CSR, an addition of the Nigerian perspective as it regards CSR in banks. Finally, this research is a source of personal improvement and enhancement, as it is slated to earn the researcher a Master's degree in Business Administration.

REVIEW OF RELATED LITERATURE

Conceptual Framework

Corporate Social Responsibility

One of earliest definitions of corporate social responsibility (CSR) by Browen (1953) reveals that corporate social responsibility is all about achieving commercial success in ways that honour ethical values and respect people's communities, and the natural environment (Odetayo, et al., 2014). Carrol (1979) defines CSR as encompassing the legal, ethical, economic and other discretionary responsibilities that institutions have to society (Bolten, 2012). The implication of this is that institutions operating in a society should operate under the dictates of the law prevalent in a society and conduct its operations in a morally acceptable manner by contributing to the economic well-being of the society among other obligations deemed necessary.

In the views of Odetayo et al (2014), it is best defined as duties performed by organizations to the society in which they are operating, such as protection of the environment, provision of social amenities, health and safety, and so on. In a related development, the World Business Council for Sustainable Development (2001) defines CSR as "the commitment of business to contribute to sustainable economic development, working with employees, their families and the local communities." Egessa, Musiege and Maniagi (2014) add that the essence is to achieve desired aims and objectives of its existence without undermining the interest of the public.

Other Scholars such as Miami (2007) and Vitezic (2011) have also defined CSR on the basis of their perceptions and understanding of the concept. For instance, whereas Miami (2007) considers the concept as a means of analyzing the inter-dependence relationship that exist among businesses, economic systems and the communities within which they operate, Vitezic (2011) observes that CSR concept implies balance between economic, ecological and social goals, which means distribution of assets on several actors. Similarly, Carroll and Bocholt (2003) view CSR as economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time.

Financial Performance

On the other hand, the term "financial performance" is a fusion of an organization's financial health, its ability and willingness to meet its long-term financial obligations and its commitments to provide services in the foreseeable future (Awan and Nazish, 2016). Long term objectives represent the results expected from pursuing certain strategies which represent actions to be taken to accomplish long term objectives. The time frame for objectives and strategies should be consistent, usually from two to five years (Weber, 2008 in Paulik, Majkova, Tykva and Cervinka, 2015).

Financial performance refers to the act of performing financial activity. In a wider perspective, financial performance refers to the degree to which financial objectives are being or has been accomplished (Odetayo et al., 2014). It is the process of measuring the results of a firm's policies and operations in monetary terms. They reiterated that accounting based indicators such as return on assets (ROA), return on equity (ROE) and return on investment (ROI), capture a firms internal efficiency. These indicators are used to measure firm's overall financial health over a given period of time and can also be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. For instance, ROA is used to measure the efficiency of the assets in producing income while ROE measures the performance of the firm relative to shareholders investment (Odetayo, et al., 2014).

Corporate Social Responsibility and Earning per Share of Banks

The main aim of every investor is to make profit on his investment. The returns can come in the form of streams of income/dividend payments and/or capital gains arising from appreciation of value of the investment (Nwude, 2013). It has been widely stated that if CSR is done well, the performance of the company will increase. This is because the stakeholders have confidence in the company that runs the CSR, that the company that runs the CSR is a company that cares about social and environmental problems that exist so that later stakeholders will provide full support for any action taken during the company activities which did not violate the law (Kusumadilaga, 2010). He observes that CSR is a mechanism for an organization to voluntarily integrate social and environmental concerns into the operations and interactions with stakeholders, which in turn reflects on the performance of the organization, especially in the area of financial performance. He reiterates that earning per share of a company that has good corporate social responsibility image is always attractive. Earnings per share, which is defined as net income-dividend all over total all shares multiplied by one hundred is the most sensitive of all the financial ratio analysis (Resturiyani, 2012). He noted that there is causal relationship between corporate social responsibility and profitability of the banks. He further stated that due to the fact that cost/expenditure is made in form of CSR, taxes paid by banks would further be reduced. The business environment is made more friendly. Nadeem, Naveed, Naqvi and Skindar (2014) have also stated that donations play an important role in the development of the society and that it ultimately leads to higher returns to the donating company's (Net profit) as well as to the investor's (EPS). They concluded that there is positive relationship between corporate social responsibility and financial performance of the companies. Many scholars are trying to understand how corporate social responsibility affects the financial performance of the firm. Some of the scholars are Clifford and Torbira (2011) who noted that earning per share and profitability could be taken as performance measures of a firm. They observed that when all expenses have been deducted from the revenue or sales of a company, the remaining value is known as profitability. They said also that when this profit is divided on the number of shares outstanding the resulted value is known as earning per share (EPS). However, green products are expensive to produce but the extra cost is always born by the consumers who use the environment friendly products, they added.

Corporate Social Responsibility and Gross Earnings of the Bank

The relationship between CSR and financial performance of organizations represents the least understood area of CSR and its benefits (Otori et al, 2014). In the opinion of Orlizky (2003), some studies have also suggested mild positive relationship between the two. To say the least, it could be said that the connection has not been fully established and the mechanisms through which firm's financial performance can be enhanced through CSR has not been fully explored and understood (Cornett et al, 2014). Most researchers have argued that good CSR practices bring about positive corporate reputations which infuse a strategic value for firms that own it (Okwenbe, Chitiavi, Egessa, Musiga and Maniagi, 2014). The idea is that CSR practices over a given period serve as a valuable asset to an organization. Firms with assets that are valuable and possesses a competitive advantage, may expect to earn superior returns (Mishra and Suar, 2010). However, those whose assets are difficult to imitate may also achieve sustained superior financial performance, he noted.

The viewpoint for positive correlation between CSR and gross earnings suggest that a company's explicit costs are opposite of the hidden costs of stakeholders (Ofori et al, 2014). Therefore, this viewpoint is proposed from the perspective of avoiding cost to major stakeholders and considering their satisfaction (Khanitar, Nazari, Emami and Ali, 2012). It is viewed equally that commitment to CSR would result to increased costs to competitiveness and decrease the hidden cost of stakeholders. Adebayo and Olawale (2012) points out that some stakeholders regard CSR as a symbol of reputation and the company reputation was improved by actions to support the community resulting in positive influence on overall revenue (gross earnings). Adeyanju (2012) had maintained that businesses can turn a social problem into long term economic opportunity and economic benefits, productive capacity, human competence, well paid jobs and wealth for societal progressiveness. He reiterates also that companies who devote a medium amount of their resources to CSR reports high ROE, thus indicating an inverted "U" shape relationship between CSR and financial performance of such organization.

Also, Malik and Nadeem (2014) posits that firms perceived as high in social responsibility may face relatively few labour problems and customers may be favourably disposed to its products which means more revenues for the firms. They observed too that socially responsible activities may also improve a firm's standing with such important constituencies as bankers, investors and government officials. Improved relationships with these constituencies may bring economic benefits to the firms.

Theoretical Framework

This study considers stakeholders theory that was propounded by Edward Freeman in 1984 relevant for this study. The theory states that business organizations aside their shareholders have different stakeholders which it must seek to satisfy their interest as a matter of obligation. The stakeholders include all those who affect or are affected by the activities of the firm like: shareholders, employees, customers, host community, government, competitors and the environment. For instance, business must play an active social role to better the lots of the society in which it operates (Freeman 1984 cited by Onwe 2014). Accordingly, it is not sufficient for managers to focus exclusively on the needs of shareholders or the owners alone, it is as well beneficial for a firm to engage in CSR activities that promote the interest of other groups who directly or indirectly affect the performance of the firm. Due to the fact that stakeholders group vary from firm to firm, CSR should begin with identification of stakeholders followed by finding the strategy to satisfy and harmonize their expectation A fundamental characteristic of stakeholder theory is to attempt to identify individuals and group that business organization are accountable to; the interaction between the firms and its stakeholders is the essence of stakeholders theory. It emphasized that interest of all the stakeholders in a firm must be recognized and not just shareholders as this tends to improve their well-being via their performance.

Empirical Review

Nadeem, Naveed, Naqvi, Skindar and Wania (2014) conducted a study on corporate social responsibility and its possible impact on firm's financial performance in banking sector of Pakistan. The objective of the study is to ascertain the impact of CSR on Net profit margin and earnings per share (EPS) of Habib Bank Limited and United Banks Limited in Pakistan. The study obtained secondary data from the two banks understudy from 2005 to 2011 and employed regression for data analysis. The result amongst other thing indicated that a predictor variable is linearly related with the response variable if the P-value is less than the level of significance. The study indicated that P-value less than 0.05, indicating that CSR impacts on Net profit margin and EPS of the banks understudy. The study shows that, for every unit increase in CSR investment, firm's financial performance increases by 8.702 units and by 0.075 for every unit increase in investment on income generating activities. They concluded that there is positive impact of CSR on financial performance of banks in terms of Net profit margin and earnings per share. The study recommended that management should carry out cost benefit analysis which would unravel the expected gains accruing from CSR practice.

Odetayo, et al (2014) examined the impact of Corporate Social Responsibility on Profitability of Nigeria banks. The aim of the study was to empirically assess whether firms contribution towards corporate social responsibility has any verifiable impact on the profitability of the banks understudy. Specifically the study examines the effects which Nigerian banks' expenditure on CSR has on profitability. The study employed the use of secondary data on profit after tax and expenditure on corporate social responsibility obtained from financial statement of 6 selected Nigeria banks quoted in Nigeria Stock Exchange for the period covered 2003-2012. Regression analysis was employed for the data analysis to determine the relationship between the study variables with the aid of STATA 11. The study revealed that with increase in CSR expenditure has positive impact on the understudy banks profitability. The computed probability and probability F computed (0.002 and 0.000, 0.0016 and 0.002, 0.0032 and 0.000, 0.016 and 0.0016, 0.0026 and 0.003, 0.0030 and 0.002) for the banks understudy, are less than 0.05 which is an indication of significant relationship between the variables understudy. With probability T and F computed of 0.0038 and 0.0035 which is less than 0.05 at 5% significant level also indicated a significant relationship between the understudy variables. The study concluded that Nigeria banks are abreast of the benefits of CSR practices on sustainable development but have not contributed enough resources towards that. It therefore recommended a strict measure from government and other regulatory agents to fix a minimum percentage of profit which should be expended on CSR by Nigerian firms.

Ofori, Nyuur and S-Darko (2014) conducted a study on the title "Corporate Social Responsibility and Financial Performance: Fact or Fiction? A look at Ghanaian banks." The study set out to explore the impact of CSR on performance of firms using Ghanaian banking sector. The study focused on 22 banks operating in Ghana and obtained primary data with the aid of structure questionnaire, while secondary data was equally obtained. Data obtained were analyzed using Pearson correlation and multiple regressions. Amongst the findings of the study, it was glaring that banks in Ghana view CSR as a strategic tool which is motivated by legitimate reasons as much as profitability and sustainability(95% confidence interval, there was no significant difference $F(2.6) = 1.318$, $p = 0.335$; < 0.05 observed for the legitimacy-, profit protect ability- and sustainability motives). The study revealed a positive relationship between CSR and financial performance (ROA and ROE). It showed that ROA registers a mean of 0.037 with a standard deviation of 0.240 which suggests that ROA for the banks over the period of the study averages about 3.7% with individual yearly figures differing around 24.0%; and ROE mean value of 0.252 suggests that banks are able to give their shareholders about 25.2% return on their investments. It equally revealed though that financial performance of banks in Ghana does not depend significantly on CSR practices but on other control variables such as growth, debt ratio, size and origin.

A most recent study on "Corporate Social Responsibility and Financial Performance of banks in Pakistan" was conducted by Awan and Nazish (2016). The aim that necessitated this study was to empirically explore the impact of CSR on financial performance of Pakistan banking industry using performance measures like: Earning per share, Return on Assets and Return on Equity; while CSR variables selected were: Health, Education, Donations, Charity, Social Welfare and Disaster Management. Secondary data was collected on the annual reports of 16 banks in the Southern Punjab of Pakistan; selected for the purpose of the understudy. The method adopted was quantitative methodology and data obtained were analyzed using pool regression with the aid of SPSS 17.0. The results shows a significant correlation between CSR and financial performance of the banks (r= o.179, $p<0.01$); while the regression indicated that CSR has significant impact on financial performance of banks ($R^2 = 0.072$; $p<0.01$). It concluded that CSR and financial performance of banks are reciprocal because both support each other; banks following CSR policies recorded a significant improvement in their return on assets, equity and earnings per share which indicates an increase in shareholders wealth. The notion that CSR is a long term strategy which aid in the realization of long term objectives should inform policy makers to enact stricter measures that will enable banks commit certain percentage of their profit towards CSR programs should be enacted. This will go a long way in ensuring that firms pay considerable attention on their social aspects of their business as well instead of focusing on profit maximization.

Paulik, Majkova, Tykva, and Cervinka (2015) examined the application of the CSR measuring model in commercial bank in relation to their financial performance in Czech Republic. The aim of the study was to examine the relationship between CSR strategy and financial performance of banks. Data was obtained from secondary sources on the financial performance of 4 selected banks using ROA, ROE, profit after tax, and interest margin and capital adequacy as measures of financial performance. The study employed descriptive statistics and Pearson moment correlation with the aid of SPSS 20.0 for data analysis. The result of the study indicated a positive relationship between CSR index and financial performance of the bank. Specifically ROA has $r = -0.990, p < 0.01$; ROE has $r = 0.818, p > 0.01$; profit after tax has $r = 0.738, p > 0.01$; interest margin on capital has $r = 0.523, p > 0.523$ and capital adequacy has $r = -0.969, p < 0.01$ against CSR. It revealed that implementation of CSR strategy has a statistically significant positive impact on the financial performance of the banks studied. Conversely a significant negative correlation was found in two financial indicators (ROA and the capital adequacy). Other monitored variables have positive, but not statistically significant dependences between themselves. The study concluded that the commercial banks understudy shows only an average level of implementation of CSR concept. It therefore recommended that regulatory authorities should ensure increased supervision to enhance a higher degree of social responsibility from the banks.

Onyeka and Nwankwo (2016) studied the impact of corporate social responsibility reporting on profitability of Nigerian manufacturing firms. The study covered the period of 2004 to 2013. The result which came from content analysis suggests that with CSR, there is significant and positive impact on net profit of manufacturing firms in Nigeria. The study concludes that firms need to add to the social well-being of the society where they are located so that their returns in terms of profit can increase. Also, Malik and Nadeem (2014) carried out a study to determine the impact of corporate social responsibility on the financial performance of banks in Pakistan. Period of the study was 2008 to 2012. Content analysis was adopted in the method of study and the result of the regression analysis carried out indicate that firms in Pakistan hardly engage on CSR but of the few that participate in CSR, they result showed that there is positive and significant relationship between profitability in the areas of EPS, ROA, ROE and Net Profit of the firms and CSR practices. It was concluded that firms (financial institutions) that implement CSR in their operations, earn more profit than those who do not in the long run.

Kamatra and Kartikaningdyah (2015) carried out a study on effect of corporate social responsibility on financial performance of firms as measured by profitability ratios consisting of return on assets (ROA), return on equity (ROE), net profit margin (NPM) and earning per share (EPS). Study period was 2009 to 2012. Descriptive survey design was adopted and the result of the analysis showed that CSR and the control variables consisting of leverage (DER) and size effect on ROA, ROE, NPM and EPS. CSR has partially significant effect on ROA and NPM and no significant effect at all on ROE and EPS. In a related development, Lya, Badiya and Faiza (2015) studied corporate social responsibility and the financial performance of First Bank Nigeria PLC, Adamawa State with a view to determining whether any relationship exists. The period covered was 2001 to 2014. Content analysis was used. The results showed significant and positive relationship between the variables. However, with particular reference to the performance of the First Bank Adamawa PLC, the performance was poor due to low participation in CSR activities in the host community. It was concluded that increase in expenditure on CSR by the bank will lead to the achievement of desired financial performance.

METHODOLOGY

Research Design

Ex-post facto research design is adopted. The reason for choosing this design is because of the nature of the research which requires the use of past data or historical data. This kind of study is based on analytical examination of dependent and independent variables. More so, independent variables are studied in retrospect for seeking possible and plausible relations and the likely effects, the changes in independent variables produce on a dependent variable. The variables under investigation are categorized into dependent variables as Earning Per Share (EPS), Gross Earnings (GE), Profit After Tax (PAT) and Total Assets (TA) and an independent variable- expenditure on Corporate Social Responsibility (CSR). These variables are in line with the research objectives and the chosen estimation model. For the purpose of this research, secondary data for the period of 2014 only is used. The population of this study consists of all the 24 commercial banks in Nigeria. As at the time of this study, there were 24 operational commercial banks.The sample was a very moderate number, so no sampling was made. However, it was observed that of all the 24 commercial banks in Nigeria, only 14 of them were seriously engaged in CRS activities and the 14 banks made up the sample for the study.

Model Description and Variable Specification

The study employs data on the selected variables in 2014. The study adopts firms' performance as its dependent variable. The chosen performance indices are earning per share, gross earnings, profit after tax and total assets while the expenditure on corporate social responsibility would be used as the independent variable. These variables shall be used in the current work subject to stationarity. Expressing in structural form equation it becomes:

$eps = \beta o + \beta_1 csr + u_t$........ (1)

$ge = \beta o + \beta_1 csr + u_t$........ (2)

Where the log of the models would be:

$logeps = \beta o + \beta_1 logcsr + u_t$........ (3)

$logge = \beta o + \beta_2 logcsr + u_t$........ (4)

Where;

eps =Earning Per Share

ge = Gross Earning

csr= Corporate Social Responsibility

U_t = the white noise random element and $\beta o_,$ β_1 , β_2, are parameters.

RESULTS

Presentation of Data

Bank Name	CSR	TA	GE	EPS	PAT
Access Bank	1,753,935,500	2,100,000,000,000	245,000,000,000	1.88	43,100,000,000
Diamond Bank	882,000,000	1,750,270,423,000	190,952,742,000	1.44	22,057,198,000
Fidelity Bank	764,032,386	1,187,025,000,000	132,400,000,000	0.48	13,796,000,000
First Bank	1,194,510,700	4,100,000,000,000	480,600,000,000	2.55	84,926,000,000
First City Monument Bank	299,647,930	131,570,290,000	6,672,889,000	0.27	22,100,000,000
Guarantee Trust Bank	599,916,416.30	2,162,608,312	249,007,051,000	3.17	93,431,604,000
Sterling Bank	80090000	824,539,000,000	103,679,000,000	0.42	9,005,000,000
Stanbic IBTC	372,579,200	75,691,000,000	14,320,000,000	1.31	13,136,000,000
Skye Bank	456,621,975.01	1,209,633,000,000	135,446,000,000	0.65	8,629,000,000
UBA	388,055,794	2,338,858,000,000	290,019,000,000	1.22	47,907,000,000
Unity Bank	188168500	413,305,111,000	77,071,489,000	17.45	19,692,476,000
Union Bank	223235000	1,009,157,000,000	109,821,000,000	1.21	26,825,000,000
Wema Bank	100,926,270	382,562,312,000	42,186,867,000	0.06	2,372,445,000
Zenith Bank	2,836,292,000	3,423,819,000,000	372,015,000,000	2.95	92,479,000,000

Source: Banks' Annual Report, 2019

The table above shows the expenditure on Corporate Social Responsibility (CSR), Total Assets (TA), and Gross Earnings (GE), Earning of all the banks that have their annual reports containing the required information. The banks are simply followed in alphabetical order.

Presentation of Logged Data

	LOGCSR	LOGEPS	LOGGE
Access Bank	21.28513	0.631272	26.22452
Diamond Bank	20.5977	0.364643	25.97529
Fidelity Bank	20.45412	-0.73397	25.60909
First Bank	20.901	0.936093	26.8983
FCMB	19.51812	-1.30933	22.62132
GTB	20.2123	1.153732	26.24075
Sterling Bank	18.19866	-0.8675	25.36457
Stanbic IBTC	19.73596	0.270027	23.38492
Skye Bank	19.93937	-0.43078	25.63184
UBA	19.77666	0.198851	26.39321
Unity Bank	19.05285	2.85934	25.068
Union Bank	19.22374	0.19062	25.42212
Wema Bank	18.4299	-2.81341	24.46537
Zenith Bank	21.76576	1.081805	26.6422

Source: Computation from E-views 8

We log the data here to transform it, not because the units of measurement are not uniform, but to reduce the outlier effect which the data spread would have posed during analysis. One could see that the EPS for Unity Bank is at 17.45 compared to that of Wema Bank at 0.06, the difference here could put Unity Bank at an outlier position, but with the log transformation, the entire data set have been controlled for skewness and deep outliers.

From the figure shown above, the data of the corporate social responsibility expenditure was logged and shown in a graphical trend. The data are between 14 selected banks. While the peak value is held by Zenith Bank with a value of 21.77 (log), while the least value is as seen with Sterling Bank with a value of 18.2 (log).

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-4.996699	0.0021
Test critical values:	1% level	-4.057910	
	5% level	-3.119910	
	10% level	-2.701103	

Source: E-views 8 computation

From the table above, it is observed that the ADF test of the variables is greater than the MacKinnon 5% critical values in absolute terms at the level. Thus, the variable is stationary and the null hypothesis of unit root is rejected.

Hypotheses Test

The researcher having carried met the assumptions of a parametric test on the variables to be used for this study, which were assumptions that showed the normal distribution of data, homoscedasticity and stationery of the variables understudy. The decision rule stated below also holds sway for all the tests to be carried out. This decision rule is:

Accept the alternative hypothesis if the absolute value of t-statistic is equal or greater than 2.0 and p-values are equal or less than 0.05%.

Hypothesis One

Proposed model: logeps = $\beta o + \beta_1$logcsr + u_t(Model 1)

Statement of Research Hypothesis

H_{01}: There is no statistically significant effect of corporate social responsibility expenditure on the earning per share of selected banks in Nigeria.

H_{A1}: There is a statistically significant effect of corporate social responsibility expenditure on the earning per share of selected banks in Nigeria.

Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-10.74750	6.806117	-1.579095	0.1403
LOGCSR	0.544612	0.340994	1.597129	0.1362
R-squared	0.175304	Mean dependent var		0.109385
Adjusted R-squared	0.106580	S.D. dependent var		1.335109
S.E. of regression	1.261958	Akaike info criterion		3.434769
Sum squared resid	19.11044	Schwarz criterion		3.526063
Log likelihood	-22.04338	Hannan-Quinn criter.		3.426318
F-statistic	2.550820	Durbin-Watson stat		2.076052
Prob(F-statistic)	0.136220			

Resultant model: logeps = -10.75 + 0.544logcsr

The overall model fit is statistically insignificant showing a Prob (F-statistic) as 0.1362 implying that the null hypothesis is accepted and the alternate hypothesis is rejected explaining a statistically insignificant effect of corporate social responsibility expenditure on the earning per share of banks in Nigeria.

Decision

H_{01}: There is no statistically significant effect of corporate social responsibility expenditure on the earning per share of selected banks in Nigeria.

Hypothesis Two

Proposed model: logged = $\beta o + \beta_1$logcsr + u_t

Statement of Research Hypothesis

H_{01}: There is no statistically significant effect of corporate social responsibility expenditure on the gross earnings of selected banks in Nigeria.

H_{A1}: There is a statistically significant effect of corporate social responsibility expenditure on the gross earnings of selected banks in Nigeria.

Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	12.75215	5.786603	2.203737	0.0478
LOGCSR	0.635675	0.289916	2.192622	0.0488
R-squared	0.286037	Mean dependent var		25.42439
Adjusted R-squared	0.226540	S.D. dependent var		1.219973
S.E. of regression	1.072924	Akaike info criterion		3.110216
Sum squared resid	13.81400	Schwarz criterion		3.201510
Log likelihood	-19.77151	Hannan-Quinn criter.		3.101765
F-statistic	4.807590	Durbin-Watson stat		2.745202
Prob(F-statistic)	0.048778			

Resultant model: logged = 12.75 + 0.64logcsr

The Prob. (F-statistic) for this model is 0.048, which means that the overall model is statistically fit, implying that the null hypothesis would be rejected and the alternate hypothesis would be accepted stating that there is a statistically significant effect of corporate social responsibility expenditure on the gross earnings of selected banks in Nigeria. The result shows that the both the constant of 12.75 is as significant (p=0.048), as the slope of 0.64 (p=0.049), which implies that that without an expenditure on corporate social responsibility, the gross earnings of the banks would be 12.75, while a unit of expenditure on corporate social responsibility would lead to a 64% increase in the gross earnings of the selected banks.

Decision

H_{A1}: There is a statistically significant effect of corporate social responsibility expenditure on the gross earnings of selected banks in Nigeria.

Summary of Findings

At the end of tests of each of the hypotheses developed for this study, the following findings were made:

1. That there is no statistically significant effect of Corporate Social Responsibility on the earning per share of selected banks in Nigeria ($\beta_{1=}$ 0.544, p= 0.1362). The implication of this finding is that the amount that the banks give out to their stakeholders in the form of CSR does not significantly predict the earnings that they get per share.
2. There is a statistically significant effect of Corporate Social Responsibility on gross earnings of selected banks in Nigeria ($\beta_{2=}$ 0.64, p= 0.048). The implication of this finding is that the amount of that these banks spend on their stakeholders in the form of CSR significantly predicts their gross earnings.

CONCLUSION & RECOMMENDATION

This study validates existing knowledge that CSR impacts on the performance of banks in Nigeria especially in terms of their gross earnings and profit after tax. This implies that expenditure on CSR by banks in Nigeria indirectly affects their performance in a positive way as it will lead to increase in their gross earnings and their profit after tax.

The foregoing indicates and recommends that Nigerian banks should leverage on CSR practices to achieve their shareholders interest of profit maximization and invariably their corporate objectives.

The researcher also recommends that further studies can be carried out in another industry or on other proxies that would be observable so as to make for the use of a panel data analysis. I am convinced that this study has contributed to knowledge tremendously.

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