CORPORATE SOCIAL RESPONSIBILITY AND FINANCIAL PERFORMANCE OF LISTED CONSUMER GOODS FIRMS IN NIGERIA

Abstract: Corporate social responsibility (CSR) has been adjudged to have the potential to positively contribute to the development of any society or business. In an effort to overcome the possibility of conflicts between firms and their hosting community, the idea of CSR has to be advocated. This study examines the impact of corporate social responsibility on financial performance of listed consumer goods firms in Nigeria from (2008 – 2017). Correlational research design was used on a sample of 13 listed consumer goods firms. Panel multiple regression was employed for data analysis. The study concluded that CSR on education and health are positively and significantly influencing the financial performance of the listed consumer goods firms in Nigeria, while CSR on community and employee are negatively and significantly influencing financial performance of the listed consumer goods firms in Nigeria. In line with these findings, the study recommended that, the management of the listed consumer goods firms in Nigeria should lower their expenditure on CSR for both community and employee as they have negative impact on their firms' financial performance, they should also place emphasis on CSR expenditure on education of the locality that hosts the firms. On a final note, managers of listed consumer goods firms in Nigeria should also focus on granting more CSR on health in order to improve their profitability.

Keywords: Corporate social responsibility, financial performance, listed consumer goods firms, Nigeria

1. Introduction

For Consumer goods firms to succeed financially, they must have to produce goods that could enable them generate sufficient profits. Profits making is a function of so many factors, some of which are endogenous and others exogenous (Holcombe, 2003). Amongst the exogenous factors are operational interruption caused by hosting community of the consumer goods firms (Holcombe, 2003). This is due to the concern of the community over negative and potential negative effects that businesses brought to the community. The effect ranges from environmental degradations to societal conflicts as a result of the business activities. In an effort to overcome the existing conflicts between Consumer goods firms and the hosting environments the idea of Corporate
Social Responsibility (CSR) was advocated. While that can be considered as a welcome development that avenue for conflicts resolution exists, but the avenue creates more concern over the implementation and the quantification of the benefits to both the community and consumer goods firms.

Some of the practical reasons why the study has been undertaken was to assess the impact on financial performance of the recent upsurge of many Nigeria consumer goods firm's involvement in contributing to their host communities for example Dangote Flour Mills Nigeria Plc signed an MOU with the Federal Government of Nigeria to reconstruct Apapa Wharf Road in Lagos state with the sum of N4.3bn (The Sun News-19th June, 2017). Also, a report by Euromonitor International (2011) confirmed that CSR have been carried out by fast moving consumer goods companies in Nigeria where companies like PZ Cussons Nigeria Plc, Cadbury Nigeria Plc and Unilever Nigeria Plc all strives to make its business model environmentally sustainable by sponsoring responsible palm oil sourcing and supporting the health and safety of its employees respectively. Also contained in their report was that Dangote Foundation a charitable organization owned by Dangote Group is very active in terms of CSR where in March 2011 it went into partnership with the Bank of Industry to fund job creation in Nigeria with the sum of NGN5 billion (US$33 million) with the profit from Dangote group. This initiative as reported by Euromonitor International (2011) is meant to help create employment in small and medium enterprises across Nigeria. The need for CSR has turned out to be a well-recognized and most sort topic in the last 10 years, this is evidenced in the increased number of consumers goods firms in Nigeria that issue CSR reports along with their annual statements.

Although, there have been various studies on the impact of CSR in several nations. Majority of these studies have been conducted in developed nations (Emelie & Anna, 2015; Xiping, Jinghua, Hongliang&Wenlan, 2014; Kabir & Huang, 2014) but, relatively a few empirical studies on CSR and financial performance of listed firms have been carried out in emerging economies like Nigeria (Abdulrahman, 2015; Olaroyeke& Tabitha, 2015; Abdul, 2014; Joe & Keshi, 2013; Babalola & Abiodun, 2012). These constitute an important gap in the literature considering the differences between developed and developing countries. Also, a number of studies found that CSR has a positive significant relationship on financial performance of firms (Olaroyeke & Tabitha, 2015; Naeem, Murtaza & Ayesha, 2014; Daniel, Richard & Mildred, 2014; Sulaiman & Abu, 2012) while other empirical studies argued that CSR has a negative influence on financial performance of firms (Abdulrahman, 2015; Gang, Wang &Mingwen, 2012; and Joe &kechi, 2013). These conflicting results have made the issue
of CSR and firms' financial performance to be inconclusive, especially with regards to consumer goods firms in Nigeria, where such empirical studies are limited or non-existent, thus, the need to study the subject matter in Nigeria using listed consumer goods firm in Nigeria as the domain was necessitated.

Furthermore, this paper also contends that most of the studies were in the banking sector, for instance (Odetyo, Adeyemi, & Sajuyigbe, 2014); another in the oil & gas sector (Ajayi & Loveth, 2016) while Babalola, and Abiodun (2012) considered only ten selected firms in Nigeria, however does not considered consumer goods sector which is also important for the growth of the Nigerian economy. Thus, this study used listed consumer goods firm in Nigeria as the domain in order to fill this gap.

Additionally, the works of Ajayi and Loveth, (2016); Odetyo, Adeyemi and Sajuyigbe, (2014); Babalola, & Abiodun (2012); Joe andKechi, (2013), andolaroyeke and Tabitha, (2015); all covered the period from 2010 to 2016. As such, some of the findings of these studies may not be in tune with today's reality, in view of the fact that the studies may have been over taken by the changes in the economy. This creates another gap which this study intends to fill by investigating the period of work to 2017.

Finally, researches that have been conducted on CSR expenditures and financial performance of listed consumer goods companies in Nigeria to the best of the researcher's knowledge are very few. In view of the above mentioned gaps, this study intends to add to the already few literature by providing more empirical evidence on CSR expenditures and financial performance of listed consumer goods companies in Nigeria. Hence, this study seeks to address the gaps by posing the question: “Does investing in corporate social responsibility activities have an effect on the financial performance of listed consumer goods firms in Nigeria? In the light of these, the paper is structured as follows. In the next section we review previous studies on the relationship between corporate social responsibility and financial performance. Next, we then describe the method used in the present study, followed by the presentation of results. The final section captured discussion and conclusion.

2. Literature Review
2.1 Corporate Social Responsibility on Community and Financial Performance
Companies consider the public when they assess their social activities. The community element is one of the major aspects of CSR that has been categorized according to sub-elements such as education, health, housing and security. Unlike the employee,
customer and environment categories, this is a more important category for organizations because all stakeholders are members of the public. Lesser (2001) showed that as firm grow in size, geographical scope, and complexity, they pay special attention to support of communities of practice that could improve the firm's performance. Further, Husted (2003) demonstrated that when the companies focus their social actions on communities in and around their area of operation, they reap the benefits of a socially responsible image among employees and the local community. In contrast to this, however, Berman et al. (1999, cited in Mishra and Suar, (2010) suggested that past evidence shows a negative relationship between CSR on community and financial performance. Furthermore, Griffin and Mahon (1997) and Margolis and Walsh (2001) analysed 147 research articles on the relationship between CSR and firm financial performance. Since then, a number of other studies relating to this area have been added to the literature (Tsoutsoura, 2004; Coombs &Gilley 2005; Brine et al., 2006). For example, Berman et al. (1999) concluded the effects of community relation on company performance are less understandable. Also, Porter (1980) stated that the community relation and firm performance is less important because the community relations CSR most done unfocused and as piecemeal work.

2.2 Corporate Social Responsibility on Employees and Financial Performance

Employees, the human element of an enterprise, are a vital resource for strategy implementation (Lee & Miller, 1999). Almost half of the world's largest companies believe employee motivation is a key driver when it comes to CSR (Volunteering Australia Inc., 2007). While an employee is an expensive resource for the corporation, he/she is considered a valuable stakeholder. The value of the employee is in his/her competence. If an organization does not treat employees well and promote responsibility towards them and society, it may risk losing their competence. Davenport (2000) Graves and Waddock (1994) and Wood (1991) consider CSR initiatives towards employees as practices providing a family-friendly work environment; engaging in responsible human resource management; providing an equitable reward and wage system for employees; engaging in open and flexible communications with employees and investing in employee development. Lee and Miller (1999) found that organizational commitment of employees (OCE), by itself, may have a weak positive association with ROA. Far more importantly, they found that ROA is strongly and positively influenced by the interaction between OCE and the dedicated pursuit of Porter's (1980) strategies for achieving competitive advantage: cost leadership, marketing differentiation and innovative differentiation. These strategies are used by organisations to improve the commitment of their employees and include factors like, a
close community, good collaboration, employee loyalty and dedication, job involvement initiative. Additionally, the costs of having a high level of CSR are more than compensated by the benefits received in employee morale and productivity (Solomon & Hanson, 1985).

The negative externalities that influence society by poor management of employees can be directly identified. For example, if the employees strike this affects society. Such influences not only need to be identified and measured but also need to be managed in such a way that the positive externalities are maximized and the negative externalities are minimized. Post et al. (2002) advised that firms develop specific human capital as a resource of competitive advantage. In addition, they showed the committed employees can help to achieve a firm's goals. Furthermore, Cohen (2001, cited in Post et al. 2002) explained that managers and workers determine the work quality that expresses the competitive advantages. The section following focuses on employee contributions to CSR, their commitment to employee development as CSR relations, and employee contribution increases for firm performances. Nigerian organisations are legally committed to protect their employees and employers as a result of the Shops and Offices Employees Act of 1954, the Maternity Benefits Ordinance, the Employees Provident Fund and the labour law. Even though these ordinances are implemented for the benefit of employees, voluntary commitments are also expected from organisations by their employees. Organisations commit to their employees by implementing number of social activities. The present study further extended the work Lee and Miller (1999) using two financial performances such as ROA, and ROE.

2.3 Corporate Social Responsibility on Education and Financial Performance
Many consumer goods firms in Nigeria undertake educational-related activities. The present study has identified this activity as separate CSR elements because organizations have placed more emphasis on this activity in their CSR reports. In addition, the firms are granting funds for the education sectors by providing free education to university level, as well as universally free medical treatment at hospitals. As mentioned above in earlier the education related CSR activities were based on community activities. Researchers such as Griffin and Mahon (1997) and Margolis and Walsh (2001) have concluded that there is a different relationship between CSR and financial performance. Nonetheless, companies develop their social activities based on the education sector for marketing strategies. Companies expect positive effects from increasing their social and environmental activities.
2.4 Corporate Social Responsibility on Health and Financial Performance
Consumer goods firms in Nigeria implement many health-related social activities, such as organizing health camps, seminars on epidemics, improving knowledge of healthy foods and different competitions for schoolchildren relating to health care. Babalola and Abiodun (2012) stated that companies organize these activities both for publicity and to improve their reputation in society. These social activities are undertaken with an indirect expectation of enhancing the growth and survival of the organization. Accordingly, this study developed the following.

3. Theoretical Framework
A lot of theories have been linked to CSR and firm performance of companies by so many scholars in the past. This study adopts legitimacy theory because it appears to consider the rights of the public at large and not merely those of the investors only. This is explained and linked to the study below.

3.1 Legitimacy theory
Legitimacy theory is based upon the notion that the firm activates a social contract, where it agrees to perform various socially desired actions in return for approval of its objectives, other rewards and its ultimate survival. Legitimacy theory posits that corporate disclosures react to environmental factors (economic, social and political) and that disclosures legitimise actions (Preston & Post, 1975; Hogner, 1982; Lehman, 1983; Lindblom, 1983). It therefore needs to disclose enough social information for society to assess whether it is a good corporate citizen. In legitimising its actions via disclosure, the corporation hopes ultimately to justify its continued existence (Lehman, 1983). This theory is largely reactive in that it suggests that organisations aim to produce congruence between the social values inherent (or implied) in their activities and societal norms (Lindblom, 1983). Corporate social disclosures may then be conceived as reacting to the environment where they are employed to legitimise corporate actions.

4. Methods and Procedures
The research was empirically analyzed using panel multiple regressing owing to the fact that it combines both cross-sectional and time series data. The research was anchored on positivist paradigm due to the fact that the study aimed at investigating the impact of CSR as proxy by (expenditure incurred on employees, community, education and health) on the financial performance. Return on Equity was used among several proxies of financial performance because it reflects management's effectiveness in generating additional earnings for shareholders as well as for the company (Tezel & McManus, 2003). The data was extracted from the annual reports of the listed consumer goods firms
for a period of 10 years i.e. (2008 to 2017). The population consists of 32 consumer goods firms, out of which 13 were selected. In arriving at the sample size, the first filter was adopted based on the year of listing and availability of data. Therefore, any consumer goods firms listed after 2008 was disqualified. Other firm's were dropped due to lack of complete information that will cover the period under review.

In view of the panel nature of the data (cross – sectional and time series), the employs different regression models, which include Ordinary Least Squares (OLS) model, Fixed Effect (FE) model and Random Effect (RE) model. In order to select the appropriate model, this study applies the Hausman Specification test and Breusch and Pagan Lagrangian Multiplier test before arriving at the most suitable model for the study. Other test such as heteroskedasticity, autocorrelation and multicollinearity were conducted in other to comply with the classical assumptions of regression analysis. In furtherance of the analysis, the variables of this study were classified into two; financial performance which served as the dependent variable, while CSR as proxy by (expenditure incurred on employees, community, education and health) are the independent variables. These variables were measured as shown in Table 1.

### 4.1 Variables Measurement & Model Specification
The dependent and independent variables of the study and the proxy used to represent them are tabulated in Table 1.

<table>
<thead>
<tr>
<th>S/N</th>
<th>Variables</th>
<th>Acronym</th>
<th>Measurement</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Financial performance(Return on Equity)</td>
<td>ROE</td>
<td>Profit after interest and tax / shareholder Equity</td>
<td>Brigham and Daves, (2007)</td>
</tr>
<tr>
<td>2</td>
<td>Expenditure on Community</td>
<td>COM</td>
<td>Log of Expenditure amounts on Community</td>
<td>Malik and Nadeem (2014)</td>
</tr>
<tr>
<td>3</td>
<td>Expenditure on Education</td>
<td>EDU</td>
<td>Log of Expenditure amounts on Education</td>
<td>Ashraf, Khan and Tariq, (2017)</td>
</tr>
<tr>
<td>4</td>
<td>Expenditure on Health</td>
<td>HEA</td>
<td>Log of Expenditure amounts on Health</td>
<td>Akanbi and Ofoegbu (2012)</td>
</tr>
<tr>
<td>5</td>
<td>Expenditure on Employees</td>
<td>EMP</td>
<td>Log of Expenditure amounts on Employees</td>
<td>Shehu, (2015)</td>
</tr>
</tbody>
</table>

**Source:** Developed by the Researcher based on literature
4.2 Model Specification

Therefore, in order to test the four hypotheses formulated in the previous section, the following regression model was specified:

\[ \text{ROE}_i = \beta_0 + \beta_1 \text{COM}_i + \beta_2 \text{EDU}_i + \beta_3 \text{HEA}_i + \beta_4 \text{EMP}_i + U_i \]

Where:

- ROE = Return on equity
- \( \beta_0 \) = Intercept
- \( \beta_1, \ldots, \beta_4 \) = Coefficient of the independent variables
- \text{COM} = Expenditure on Community
- \text{EDU} = Expenditure on Education
- \text{HEA} = Expenditure on Health
- \text{EMP} = Expenditure on Employees
- U = Error Term
- t = time
- i = firm

5. Results and Discussion

5.1 Descriptive Statistics

Summary of the dataset collected for the study in terms of central tendency and dispersion was presented in Table 2. The Table contains the minimum, maximum, mean, standard deviation, skewness and kurtosis of the dataset for all the variables used in the study.

Table 2: Summary of Descriptive Statistics of the Variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Std</th>
<th>Min</th>
<th>Max</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROE</td>
<td>0.0074</td>
<td>0.4597</td>
<td>-0.8404</td>
<td>0.9184</td>
<td>0.2778</td>
<td>2.3036</td>
</tr>
<tr>
<td>COM</td>
<td>1.0608</td>
<td>0.2585</td>
<td>0.2041</td>
<td>1.6493</td>
<td>-0.2351</td>
<td>3.9220</td>
</tr>
<tr>
<td>EMP</td>
<td>1.1264</td>
<td>0.2808</td>
<td>0.3979</td>
<td>1.7242</td>
<td>-0.4487</td>
<td>3.2308</td>
</tr>
<tr>
<td>EDU</td>
<td>0.9166</td>
<td>0.4423</td>
<td>0.0413</td>
<td>1.5453</td>
<td>-0.3784</td>
<td>1.8468</td>
</tr>
<tr>
<td>HEA</td>
<td>1.1961</td>
<td>0.3107</td>
<td>0.1760</td>
<td>1.6734</td>
<td>-0.8457</td>
<td>3.5172</td>
</tr>
</tbody>
</table>

Source: Stata output, 2019

Table 2 presents the descriptive statistics for the dependent and independent variables. The Table reveals that the mean of return on equity for the firms is 0.0074 with standard deviation of 0.4597 signifying that the data deviate from the mean value by 0.4597. It can be deduced from the result that there is a wide dispersion between the mean and the standard deviation. The minimum return on equity among the firms is -0.8404 with a maximum value of 0.9184. However, the coefficient of skewness is 0.2778 which...
implies that the data is positively skewed which deviate the condition of being symmetrically distributed that suggests a value of 0 region for skewness. In terms of the kurtosis statistics the data with respect to return on equity is normally distributed. This is because the value of kurtosis is 2.3036 and is within the range of ±3 as suggested by Landau and Everitt (2004).

Community expenditure has minimum and maximum values of 0.2041 and 1.6493 respectively with the mean value of 1.0608 and standard deviation of 0.2585. This implies that the minimum CSR on community of the firms are 0.2041% and the maximum value is 1.6493%. The average CSR on community of the firms is 1.0608% with a deviation of 0.258%. The coefficient of skewness of -0.2351 implies that the data is negatively skewed and therefore conform to the symmetrical distribution requirement of normal data. Moreover, the coefficient of kurtosis of 3.9220 indicates that the data is leptokurtic and does not fall within the acceptable range.

In addition, the mean of expenditure on employees during the period covered by the study is 1.1264 implying that on average expenditure on employees occupies a significant portion of the CSR expenditure of the sampled firms. The minimum and maximum values of expenditure on employees stood at 0.3979 and 1.7242 respectively. The coefficient of skewness is -0.4487 implying that the data is negatively skewed while the coefficient of kurtosis is 3.2308 indicating that employee expenditure did not fall within the acceptable range of ±3, which implies that the data is not normally distributed.

Table 2 further shows that CSR on education expenditure has an average value of 0.9166 with standard deviation of 0.4423. The minimum and maximum values are 0.0413 and 1.5453 respectively. This implies that average expenditure on education for the firms is 0.9166% while the minimum and maximum CSR on education are 41.3% and 154.53% respectively. On the other hand, the coefficient of skewness of -0.3784 implies that the data is negatively skewed while the kurtosis value of 1.8468 shows that the dataset is within the acceptable range of ±3 which implies that the data is normally distributed.

Finally, the descriptive statistics also indicates that the amount spent on health as CSR of the sampled firms ranges between 17.60% and 167.34% with a mean value of 1.1961 and the standard deviation of 0.3107 implies that the data is mildly dispersed. Similarly, the skewness value of -0.8457 signifies that the data is negatively skewed and fall within the symmetrical distribution requirement of normal data. On the other hand, the kurtosis value of 3.5172 shows that the value does not fall within the acceptable range of normal data distribution.
In view of the fact that the descriptive statistics of the data suggests that to a large extent the data is not normally distributed, but this assertion does not affect the reliability of our estimates as argued by Batalgi (2004).

Table 3 shows the correlation values between dependent and independent variables as well as between the independent variables themselves. The values are obtained from Pearson Correlation of 2-tailed significance. It shows the correlation matrix with the top values containing the Pearson correlation coefficient between all pairs of variables and the bottom values containing two-tail significance of these coefficients.

Table 3:
Correlation matrix for dependent and independent variables

<table>
<thead>
<tr>
<th>VARIABLES</th>
<th>ROE</th>
<th>COM</th>
<th>EMP</th>
<th>EDU</th>
<th>HEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROE</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COM</td>
<td>-0.124 (0.157)</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMP</td>
<td>-0.288* (0.000)</td>
<td>0.377* (0.000)</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EDU</td>
<td>-0.030 (0.733)</td>
<td>0.078 (0.373)</td>
<td>0.436* (0.000)</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>HEA</td>
<td>-0.041 (0.642)</td>
<td>0.739* (0.000)</td>
<td>0.497* (0.000)</td>
<td>-0.118 (0.178)</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Stata output, 2019

Table 3 shows that return on equity (ROE) is negatively associated with CSR on community expenditure and not significant at any level of significance. The Table also shows a negative correlation between CSR on employees' expenditure and return on equity. Education is negatively associated with ROE of the sampled firms but is not significant at all acceptable level of significance. Table3 also shows that there is a negative relationship between ROE and CSR on health expenditure from the correlation coefficient of 0.041 which is not significant at any level (p-value 0.6427). The relationship of the independent variables shows that, they are positively correlated among themselves with the exception of HEA and EDU which are negatively associated among themselves.
5.2 Regression Result

In order to ensure the validity and reliability of the statistical inferences of this study, other diagnostic tests were conducted. Multicollinearity was conducted as indicated in Table 4 to check whether there is a higher correlation between independent variables which may mislead the result of the study. For the researchers to further reconfirm the absence of multicollinearity in this study, collinearity and diagnostics test were carried out as the tolerance values and the variance inflation factor were found to be within the required threshold as recommended by Gujarati (2004).

Breusch – Pagan/Cook – Weisberg test was also conducted as shown in Table 4, the result obtained from heteroskedasticity test using the Breusch-Pagan/Cook-Weisberg test shows a coefficient value of 0.10 and a p-value of 0.749. The large P-value, which is not statistically significant indicating the absence of heteroskedasticity, that is, there is constant variance in the residuals. The result is in conformity with the fourth assumption of classical linear regression model which states that there must be constant variance, that is, the disturbances $u_i$ appearing in the population regression function are homoscedastic. Due to the fact that the model is having insignificant p-values 0.749 indicating that there are no heteroskedasticity. On that basis, the study was interpreted using the Ordinary Least Square (OLS) regression as recommended by Batalgi (2007).

Table 4:
Summary of Ordinary Least Squares (OLS) Regression Result

<table>
<thead>
<tr>
<th>Variables</th>
<th>Coefficient</th>
<th>T - statistics</th>
<th>P - values</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>0.442</td>
<td>2.32</td>
<td>0.022</td>
<td></td>
<td></td>
</tr>
<tr>
<td>COM</td>
<td>-0.538</td>
<td>-2.39</td>
<td>0.019</td>
<td>0.4138</td>
<td>2.42</td>
</tr>
<tr>
<td>EMP</td>
<td>-0.885</td>
<td>-4.64</td>
<td>0.000</td>
<td>0.4138</td>
<td>2.04</td>
</tr>
<tr>
<td>EDU</td>
<td>0.298</td>
<td>2.73</td>
<td>0.007</td>
<td>0.6031</td>
<td>1.66</td>
</tr>
<tr>
<td>HEA</td>
<td>0.719</td>
<td>3.26</td>
<td>0.001</td>
<td>0.2990</td>
<td>3.34</td>
</tr>
<tr>
<td>R - square</td>
<td>0.165</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted $R^2$</td>
<td>0.138</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F - statistics</td>
<td>6.180</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prob. (F.sig)</td>
<td></td>
<td></td>
<td></td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Heteroscedasticity:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chi²(1)</td>
<td>0.10</td>
<td></td>
<td>0.749</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prob&gt;Chi²</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean VIF</td>
<td></td>
<td></td>
<td></td>
<td>2.36</td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher
Table 4 presents the results of Ordinary Least Square (OLS), for the effect of corporate social responsibility expenditure. The table reveals that the coefficient of determination represented by the Adjusted R² of 1ture on return on equity of listed consumer goods firms in Nigeria is 3%. This represents the proportion of the variation in the dependent variable which is explained by the independent variables. Therefore, it signifies that 13% changes in financial performance as proxy by return on equity are caused by the explanatory variables as employed in the study, while the remaining 87% of the changes are caused by other factors not captured in the model of this research. Table further shows that the value of the overall model fitness represented by F-statistics is 6.18 and p-value of 0.000 indicating that it is significant at 1% level of significance.

Furthermore, Table 4 shows a significant negative relationship between community expenditure and return on equity of consumer goods firms in Nigeria from the p-value of (0.0019) which is significant at 5% level of significance. Community has beta coefficient of -0.5389 which signifies that for every one percent 1% increase in CSR on community expenditure of consumer goods firms in Nigeria, the return on equity will decrease by 53%. Beta value measures the degree to which each of the explanatory variables affects the dependent variables. The result agrees with Mishra and Suar (2010), Berman et al. (1999) and Porter (1980) who found significant negative relationship between CSR on community and profitability. The result also contradicts the findings of Tsoutsoura (2004); Coombs and Gilley (2005) and Brine et al. (2006) who found significant positive relationship between community and profitability.

On the employee expenditure, a significant negative relationship with return on equity of the sampled firms has been recorded. This is based on the beta coefficient of -0.885 which is significant at 1% level. It therefore implies that for every one naira (N1) increase in employee expenditure of listed consumer goods firms, the return on equity will decrease by 88%. The result for employee expenditure agrees with the result documented by Solomon and Hanson (1985) and Mishra and Suar (2010) who found significant negative relationship between employee and return on equity among Nigerian firms. It however, contradicts the findings of Lee and Miller (1999); Porter's (1980); Cohen (2001) and Post et al. (2002) who found significant positive relationship between CSR on employee and return on equity.
The Table further reveals that, the CSR on education has positive relationship with return on equity. The beta coefficient of 0.298 which is significant at 1% signifying that, CSR on education is positively and significantly related to return on equity of listed consumer goods firms in Nigeria. It implies that for every one naira (N1) increase in CSR on education the amount of return on equity will increase by 29%. The result agrees with Griffin and Mahon (1997) and Margolis and Walsh (2001) who found significant positive relationship between CSR on education and return on equity. However, it contradicts the findings of Bragdan and Marlin (1985) who found significant negative relationship between the two variables.

Lastly, Table 4 also shows that, CSR on health has beta coefficients of 0.7198 which is significant at 1% level. This signifies that CSR on education has positive and significant effect on return on equity of listed consumer goods firms in Nigeria. It implies that for every one naira (N1) increase in CSR on health expenditure, return on equity will also increase by 0.6830%. This result is in support of Fernando (2007) who found that CSR on health has a positive significant influence on firm’s financial performance. This finding contradicts the finding of Vance (1975) who found significant negative relationship between the variables.

6. Conclusion
The following conclusion was drawn based on the analysis and discussion of the results obtained in the study. Firstly, the study has provided both empirical and statistical evidence on the impact of all the four variables: community, employee, education and health on financial performance of listed consumer goods firms in Nigeria. That is corporate social responsibility expenditure examined in this study have improved the financial performance of listed consumer goods firms in Nigeria during the period covered by the study. Specifically, the study concludes that CSR on community and employee have significant negative effect on financial performance of listed consumer goods firms in Nigeria. While on the other hand, the study also concludes that CSR on education and health have significant positive effect on the financial performance of listed consumer goods firms in Nigeria.

The study therefore infers that all corporate social responsibility expenditure have significant relationship with the financial performance of listed consumer goods firms
in Nigeria. It also infers that improving these variables of the corporate social responsibility could enhance the financial performance of listed industrial firms in Nigeria.

Like any other study, this research is limited to the Nigerian listed consumer goods firms and it does not provide a generalized overview in other sectors. Similar study can be replicated using firms from other sector of the economy. It is on that note; the study recommends that a cross border study be carried out to determine the impact of CSR expenditures on financial performance of listed consumer companies with different economies.

References


Babalola Y. Abiodun (2011) “The impact of Corporate social responsibility on firms profitability in Nigeria” Accounting and Auditing Dept Ukrainian University; European journal of economics, finance and administrative science. ISSN 1450-2275 Vol. 45


Corporate Social Responsibility and Financial Performance of Listed Consumer Goods Firms in Nigeria

Postgraduate Studies, Ahmadu Bello University In Partial Fulfilment For The Award Of Master Of Science In Accounting And Finance.


