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Impact of Corporate Social Responsibility on Sales and Profitability Performance of Quoted Manufacturing Companies in Nigeria

Solomon Yinka Aransiola[1, *], Samuel Sunday Eleboda[2]

[1]Department of Accounting and Finance, Crawford University, Faith City, Igbesa, Nigeria
[2]Department of Administration and Management, College of Business and Social Sciences, Crawford University, Faith City, Igbesa, Nigeria

Abstract

This work examines the impact of Corporate Social Responsibility (CSR) on the performance of quoted Manufacturing Companies in Nigeria (2007-2016). The main objective of this study explains the significance of CSR on the performance of quoted manufacturing companies in Nigeria. The study makes use of secondary data to analyze the data collected from 5 selected companies' annual report and audited financial statement. Panel regression data analysis was used and the findings show that an increase in corporate social responsibility will also increase the profitability performance of a firm. In conclusion the results of the hypotheses tested show that corporate social responsibility has significant effect on firm's profitability performance. The study recommends that firms should practice corporate social responsibility to improve their overall performance other than profit and to promote good relationship with the community in which the firms operate.

Keywords

Corporate, Social Responsibility, Quoted Manufacturing Companies, Sales, Performance

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1. Introduction

The need for corporate social responsibility has become the concern and focus of corporate management because at the corporate level, it helps the management to know whether the organization has been discharging its responsibilities towards sustainable development while meeting the business objective. CSR is an important tool for understanding the role played by the natural environment in the economy. CSR is an inclusive aspect of accounting and management. It generates reports for both internal use, providing environmental information to help make management decisions on controlling overhead, capital budgeting and pricing, and external use, disclosing environmental information of interest to the government, public and to the financial community.

Corporate social responsibility provide data which highlight both the contribution of natural resources to economic well-being and the cost imposed by pollution or resources degradation.

This involves the identification, measurement and allocation of environmental costs, and the integration of these costs into business and encompasses the way of communicating such information to the companies' stakeholders. In this sense, it is a comprehensive approach to ensure good corporate governance that includes transparency in its societal activities. In recent years, the adverse environmental effect on economic development is becoming a matter of great public concern all over the world.

* Corresponding author
E-mail address: aransiola.solomon@yahoo.com (S. Y. Aransiola), elebodasam@yahoo.com (S. S. Eleboda)

Schattegger and Stum (1998) identified that various interested parties are interested in environmental information. They opined that in the case of certain users, main attention is paid to economic consequences of the influence of the company on the environment; other users are interested primarily in environmental aspects and impacts. Environmental aspects of the company may significantly influence economic results of the company (not only concerning costs, but also concerning revenues) and its financial position. Investors and creditors are primarily interested on the other hand, in environmental risk and extent of liabilities arising from these risks. Naturally, owners are also interested in the environmental behavior of the company. Their attention is paid to economic consequences of environmental behavior of the company and their impacts on return on investment. Other interested parties, for example, customers, suppliers competing companies, the public, government agencies, mass media, and initiatives concerned with environmental protection etc. also pay attention to the company approach to the environment.

Management of environmental costs is a top priority and interest. There are several reasons for this; at least two. First, in many countries, regulations have increased significantly, even expected to be tighter again. Laws and regulations often mention penalties and huge fines, thus creating a high incentive to comply. Moreover, compliance costs can very large. Thus, company should select of most inexpensive method to stick to main purpose. To meet this goal, compliance cost should be measured and main causes must be identified. Second, successful completion of environmental issues becomes increasingly competitive issue. Internal system refers to organizational process that designed to improve environmental performance, including environmental audit program, vision and mission statement of environment, dealing with stakeholders, offer incentive compensation to managers and employee's environment, as well as providing staff for environmental activities. External stakeholder relations refer to interaction between company and various external constituencies, including shareholders, local communities, government, customers, suppliers, and industry. External impact is defined as a negative externality in business behavior. This impact is a direct consequence or second - order effects of enterprise market activities. Second-order effects include the release of hazardous materials into air, water, or soil. Research links between environmental responsibility and economic performance by using pollution emissions as a proxy for responsibility. Internal compliance refers to how far company meets the minimum standards required by law and regulation. From social accounting and environmental performance perspective, concept of conventional profit showed a bias in performance measurement. It is because company's profit is result of a transformation process the natural resources and also potentially causes damage to environment. Conventional income concept recognizes only internal costs in an accounting period. Relying on definition of earnings (income), accounting can be seen from aspect of difference between revenue (realized revenues) derived from a transaction with a period matched historical cost.

In Nigeria, financial reporting and accounting guidelines are issued and governed by the Institute of Chartered Accountants of Nigeria (ICAN). Companies Act mandates the preparation of annual accounts of companies in accordance with the accounting standards issued by ICAN (Chatterjee, 2005). Specific environmental accounting rules or environmental disclosure guidelines, for communication to different stakeholder groups, are not available for Nigerian companies. There is no mandatory requirement for quantitative disclosure of environmental information in annual reports. Nigeria stock exchanges in Nigeria, governed by the Securities and Exchange Commission (SEC). Each of these stock exchanges has different listing requirements. However, there is no mandatory SEC listing requirement for Nigerian companies, from these stock exchanges, to disclose environmental information.

Environmental disclosure is important information regarding company's activities that conducted in an ethical manner at globalization era. This is caused by proliferation of media coverage on issue of climate change and global warming, as well as national disasters, both naturally or company negligence. This symptom encourages greater attention to sustainability reporting, and raises questions about transparency of disclosure and role of accounting information in generating financial information relevant and reliable. This phenomenon is a serious problem that needs to be thought the solution by all parties, including accounting disciplines. On other hand, cost that must be borne by production activities have not been able to include environmental degradation and future costs. This company's environmental responsibility should be one of performance indicators. Environmental performance is needed because company legitimacy can be achieved by showing activity that accordance with local stakeholder value. Based on environment context, there are two dimensions of legitimacy achievement, namely action and presentation, action is an organization activity tailored to local community values, and presentation related to activities carried out, whether it has met stakeholder's expectations or not. On other hand, a significant environmental problem is associated with existence of company activity. It became an important environmental issue and an increase due to ever-expanding range of company stakeholders, which include customers, shareholders, potential investors, creditors, employees and general public.

Several studies has been carried out on either the effect or the impact of CSR on company performance at both local and international level over the years and with different views, some researcher looked at Corporate social responsibility from the aspect of environmental reporting that companies should include all costs and activities concerning the environment in their annual report in other for users of financial statements to know the overall performance of the company. Research carried out on environmental accounting (CSR) in India by Daniel Mogaka & Ambrose Jangongo (2013), was concerned with the depletion and degradation of natural resources due to the company's activities and how they affect the ecosystem, other research also talked about different companies find it difficult to identify environmental costs and how to allocate these costs to their cost centers for better decision making. These companies neglect the aspects of corporate social responsibility as part of their responsibility most of them think since they are paying tax to government; it is the sole responsibility of the government to be responsible to the need of the immediate environment where their companies operate. This has caused a lot of problems that could be seen to have been affecting the performance of companies in Nigeria especially the ones situated in the Niger-Delta region of the country. To this end, this study is out to examine the impact of corporate social responsibility on the performance of quoted manufacturing companies in Nigeria.

2. Literature Review

CSR as defined by European Commission (2001) is a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis following increasingly aware that responsible behavior leads to sustainable business success.

CSR is about managing change at company level in a socially responsible manner which can be viewed in two different dimensions:

i. Internal – socially responsible practice that mainly deals with employees and related to issues such as investing in human capital, health and safety and management change, while environmentally responsible practices related mainly to the management of natural resources and its usage in production

ii. External - CSR beyond the company into the local community and involves a wide range of stakeholders such as business partner, suppliers, customers, public authorities, and NGOs that representing local communities as well as environment.

Corporate social responsibility is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits to all stakeholders. CSR may also be referred to as "corporate citizenship" and can involve incurring short- term costs that do not provide immediate financial benefits to the company but instead promote positive social and environmental change. A company can develop strategies for sustainability which can be in form of legitimacy, economic and social theories. From the social aspect, the issues include the benefits offered in term of training related to safety, health and environment, donations, education scheme, medical benefits and others.(Chamhuri & Wan Noramelia, 2004).

Environmental issues emphasize on preserving and conserving natural resources such as conducting recycling activities, noise reduction action plan to pursue noise improvement initiatives, water and process treatment and compliance with authority regulations and requirements. CSR social activities may include charitable contributions to local and national organizations such as fundraising, donations and gifts in areas where it trades and other like creation of new regeneration jobs. Development of strategies and programmes on social and environmental issues enables firms to gain close relationship with community

Corporate Social Responsibility Commitments

Carroll (1991) came up with the pyramid of CSR in his book *Business Horizon* and suggested that there are four kinds of social responsibilities that constitute a total range of CSR business activities. These are: economic, legal, ethical and philanthropic responsibilities. Carroll (1991) further emphasized that, for CSR to be accepted by a conscientious business person, it should be framed in such a way that the entire range of business responsibilities is embraced.

3. Methodology

The secondary data collection was employed for the purpose of this study due to the nature of the work carried out. Purposive sampling technique was used to determine the relevant quoted manufacturing companies selected. The purposive sampling technique was to ensure that the right information significant to this research study were obtained from the companies that have complete data for the period under consideration (2007-2016).

Data used for the study were sourced from the annual reports and accounts of the selected five (5) manufacturing firms listed on the Nigerian Stock Exchange (NSE) and consistently reported Corporate Social Responsibility (CSR) activities and amount spent. This covers a period of 10 years (2007 – 2016). The following companies were purposively selected for the study: 7up Bottling Company, Cadbury Nigeria Plc, Guinness Nigeria Plc, Nestle Nigeria Plc, and Unilever Nigeria Plc.

Following the theoretical model that the performance (proxied by Return on Capital Employed-ROCE, Return on Investment-ROI, and Turnover-TURN (Sales)) of manufacturing companies in Nigeria depend on Corporate Social Responsibility- (CSR), the model in a functional form is specified as shown below;

$$PERF_{it} = f(CSR_{it})$$

Furthermore, the study incorporated a set of standard control variables that are known to be determinants of firm performance in literature into the model and the functional relationship is presented as:

$$PERF_{it} = f(CSR_{it}, FSZ_{it}, FAG_{t}, LEV_{it})$$

Where

PERF = Firms' Performance Indicators (ROCE, ROI, and TURN/SALE)

FSZ = Firm Size

FAG = Firm Age

LEV = Financial Leverage

The subscript *i* represents the entity of each quoted companies at time (t), while subscript *t* represents the year, *t* = 2007… 2016. The explicit models for Pooled, Fixed and Random effects models are presented below;

3.1. Pooled Panel Regression Models

The starting model is the pooled panel model where it is assumed that any heterogeneity across firms has been averaged out. Thus the pooled estimation is given as:

$$ROCE_{it} = \beta_0 + \beta_1 CSR_{it} + \beta_2 FSZ_{it} + \beta_3 FAG_{it} + \beta_4 LEV_{it} + \varepsilon_{it}$$

$$ROI_{it} = \beta_0 + \beta_1 CSR_{it} + \beta_2 FSZ_{it} + \beta_3 FAG_{it} + \beta_4 LEV_{it} + \varepsilon_{it}$$

$$TURN_{it} = \beta_0 + \beta_1 CSR_{it} + \beta_2 FSZ_{it} + \beta_3 FAG_{it} + \beta_4 LEV_{it} + \varepsilon_{it}$$

Where,

ε = Error Term

3.2. Fixed Panel Regression Model

The fixed effect model assumes that individual heterogeneity is captured by the intercept term. This means every individual is assigned its intercept α_i while the slope coefficients are the same, and the heterogeneity is associated with the regressors on the right hand side.

$$ROCE_{it} = \beta_0 + \beta_1 CSR_{it} + \beta_2 FSZ_{it} + \beta_3 FAG_{it} + \beta_4 LEV_{it} + \sum_{i=1}^{7} \alpha_i idum + \varepsilon_{it}$$

$$ROI_{it} = \beta_0 + \beta_1 CSR_{it} + \beta_2 FSZ_{it} + \beta_3 FAG_{it} + \beta_4 LEV_{it} + \sum_{i=1}^{7} \alpha_i idum + \varepsilon_{it}$$

$$TURN_{it} = \beta_0 + \beta_1 CSR_{it} + \beta_2 FSZ_{it} + \beta_3 FAG_{it} + \beta_4 LEV_{it} + \sum_{i=1}^{7} \alpha_i idum + \varepsilon_{it}$$

Where $\alpha_i idum$ is a dummy variable and a_i is an unobserved effect like time

3.3. Random Effect Model

The random effect model assumes that the individual heterogeneity is uncorrelated with (or, more strongly, statistically independent of) all the observed variables. Going by this assumption the following model is specified;

$$ROCE_{it} = \beta_0 + \beta_1 CSR_{it} + \beta_2 FSZ_{it} + \beta_3 FAG_{it} + \beta_4 LEV_{it} + V_{it}$$

$$ROI_{it} = \beta_0 + \beta_1 CSR_{it} + \beta_2 FSZ_{it} + \beta_3 FAG_{it} + \beta_4 LEV_{it} + V_{it}$$

$$TURN/SALE_{it} = \beta_0 + \beta_1 CSR_{it} + \beta_2 FSZ_{it} + \beta_3 FAG_{it} + \beta_4 LEV_{it} + V_{it}$$

4. Results and Discussions

4.1. Descriptive Result

In this section, descriptive statistics of firms' performance (ROCE, ROI and TURN) and corporate social responsibility (CSR) indicators as well as firms size (FRMS), firms' age (FRMA) and financial leverage (LEVR) are presented in Table 1. The result shows that, on average; the amount spent on CSR during the period is N39.60m. This takes values between N2.73m and N212.07m with a standard deviation of N48.78. The average age (FAG) of the selected firms is 58years, and it ranges from 38 year to 93 years. Financial leverage (LEVR) has a mean of 0.69 with a standard deviation of 0.13. The minimum and maximum values of Turnover (TURN) are N19,937.00m and N181,910.98m respectively with an average of N69,327.62m and a standard deviation of N39,400.33m. Firm Size (FSZ) has a minimum value of 16.83 and a maximum value of 18.95 with 0.61 as standard deviation and 17.79 as the average value. The average values of ROCE and ROI are 0.44 and 0.62 respectively.

Table 1. Summary Statistics.

	(1)	(2)	(3)	(4)	(5)
VARIABLES	**N**	**Mean**	**Sd**	**Min**	**Max**
ROCE	50	0.44	0.31	-0.19	1.31
ROI	50	0.62	0.18	0.11	0.94
TURN	50	69327.62	39400.33	19937.00	181910.98
CSR	50	39.60	48.78	2.73	212.07
FSZ	50	17.76	0.61	16.83	18.95
FAG	50	58.30	16.82	38.00	93.00
LEV	50	0.69	0.13	0.44	1.13

Source: Author's Computation, underlying data from annual reports of firms listed on NSE

4.2. Correlation Analysis

Table 2 below shows the correlation matrix for the variables used in this study. Correlation coefficients among the variables are generally weak (especially among the independent variables). These indicate absence of multicollinearity problem. The result shows that there is a negative but insignificant association between CSR, FSZ, FAG, LEV and ROI; LEV and TURN. Positive associations exist between CSR, FSZ, FAG, LEV and ROCE; CSR, FSZ, FAG and TURN. However, the association between CSR, FSZ and TURN are significant at 1% levels of significant.

Table 2. Correlation Matrix.

Variables	**ROCE**	**ROI**	**TURN**	**CSR**	**FSZ**	**FAG**	**LEV**
ROCE	1						
ROI	-0.17	1					
TURN	0.39***	-0.19	1				
CSR	0.22	-0.02	0.38***	1			
FSZ	0.28	-0.13	0.93***	0.23	1		
FAG	0.12	-0.17	0.05	0.54***	-0.12	1	
LEV	0.26	-0.25	-0.11	-0.17	-0.11	0.07	1

Source: Author's Computation, underlying data from annual reports of firms listed on NSE
*** p<0.01, ** p<0.05, * p<0.1

4.3. Corporate Social Responsibility and Return on Capital Employed (ROCE)

Tables 3, 4 and 5 present the results of the different regression models specified in this study. Columns 1, 2 and 3 illustrate Pooled (OLS), Random Effect (RE) and Fixed Effect (FE) models. In each Table, under the pooled regression it is assumed that the intercept is equal across companies and years. Also the study assumes different constant for each firm and performs both Fixed and Random Effect regressions. In the fixed effect regression, this study controls for time specific effect. In addition, the choice between pooled and random effect model is made by the LM test statistics, while Hausman-statistics was used to choose between Fixed and Random effect.

Generally, the LM-statistics value of 0.00 (P-values> 0.1) for Columns 1 and 2 in Table 3 accepts the null hypothesis that firms specific heterogeneity is equal to zero, thus hence conclude that firms' specific heterogeneity does not exist. That is, pooled result is appropriate. Based on this, the pooled (OLS) result is interpreted.

Interpreting the results, F-statistic value of 2.909 (P<0.05) reject the null hypothesis that the explanatory variables are jointly not statistically significant in explaining variations in ROCE and on this ground the study accepts the alternative hypothesis and conclude that the explanatory variables jointly affect ROCE of the selected firms. The R-square value 0.205 indicates that the model variables successfully explain about 20.5% of changes in the performance indicator (ROCE).

Particularly, the result in Column 1 of the table indicates that positive relationship exists between CSR and ROCE. However, the positive relationship is insignificant. This implies that the variable (CSR) is not a major determinant of ROCE during the period of the study. Similarly, firm size (FSZ) and leverage (LEV) exhibit positive and significant relationships with ROCE at 10 and 5% levels of significance respectively. These mean that a unit increase in firms' size and leverage will improve ROCE by 0.137 and 0.772 units respectively.

Table 3. Corporate Social Responsibility: Panel Data Analyses for ROCE.

	(1)	(2)	(3)
VARIABLES	**OLS**	**RE**	**FE**
CSR	0.055	0.055	-0.004
	(0.048)	(0.048)	(0.049)
FSZ	0.137*	0.137*	0.505**
	(0.074)	(0.074)	(0.188)
FAG	0.000	0.000	-0.068***
	(0.003)	(0.003)	(0.024)
LEV	0.772**	0.772**	0.059
	(0.327)	(0.327)	(0.325)
Constant	-3.100**	-3.100**	-4.565*
	(1.293)	(1.293)	(2.294)
Model criteria			
Observations	50	50	50
R-squared	0.205	0.021	0.185
Firm Effect	NO	YES	YES
Year Effect	NO	NO	NO
F-test	2.909	11.64	2.331
Prob> F	0.032	0.020	0.072
LM Test [Prob]	0.00[1.000]		
Hausman [Prob]		27.07[0.000]	

Source: Author's Computation, underlying data from annual reports of firms listed on NSE
Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

4.4. Corporate Social Responsibility and Return on Investment (ROI)

Table 4 presents the regression results of the effect of corporate social responsibility (CSR) on the performance indicators (ROI). Deciding between the pooled and random effect with LM test's result 0.00(p>0.10), the null hypothesis that variances across entities are ZERO is accepted. Hence, pooled regression result is interpreted.

Table 4. Corporate Social Responsibility: Panel Data Analyses for ROI.

	(1)	(2)	(3)
VARIABLES	**OLS**	**RE**	**FE**
CSR	0.045*	0.045*	-0.007
	(0.024)	(0.024)	(0.021)
FSZ	0.158***	0.158***	0.074
	(0.037)	(0.037)	(0.080)
FAG	-0.001	-0.001	-0.014
	(0.002)	(0.002)	(0.010)
LEV	0.187	0.187	0.094
	(0.163)	(0.163)	(0.139)
Constant	-2.696***	-2.696***	0.156
	(0.644)	(0.644)	(0.978)
Model criteria			
Observations	50	50	50
R-squared	0.414	0.001	0.083
Firm Effect	NO	YES	YES
Year Effect	NO	NO	NO
F-test	7.949	31.79	0.922
Prob> F	0.000	0.000	0.461
LM Test [Prob]	0.00 [1.000]		
Hausman [Prob]		50.00 [0.000]	

Source: Author's Computation, underlying data from annual reports of firms listed on NSE
Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

The model goodness of fit statistic (F-Statistic) value of 7.949 (p<0.05) indicate that the variables used in this model are jointly significant in explaining variation in ROI. From the result, the coefficient of determination (R-square) value of 0.414 indicates that the model variables successfully explain about 41.4% of variations in the performance indicator (ROI).

The result clearly shows that CSR and FSZ are positively related to ROI and the relationships are significant at 10 and 1% levels of significance respectively. These indicate that a unit increase in CSR and FSZ will translate 0.045a and 0.158 increases ROI respectively. These also indicate that the variables are major determinants of ROI.

4.5. Corporate Social Responsibility and Turnover (TURN) or Sales

The regression result of the effect of corporate social responsibility (CSR) on the performance indicators (TURN) is presented in Table 5. Choosing between the pooled and random effect with LM test's result 0.00(p>0.10), the null hypothesis that variances across entities are ZERO is accepted. Hence, pooled regression result is interpreted.

The F-Statistic value of 97.96 (p<0.05) indicate that the variables used in this model are jointly significant in explaining variation in TURN. From the result, the coefficient of determination (R-square) value of 0.897 indicates that the model variables successfully explain about 89.7% of changes in the performance indicator (TURN).

The result clearly shows that CSR, FSZ and FAG have positive and significant relationships with TURN within 1 to 10% levels of significance. These indicate that TURN of the firms will increase by 0.053, 0.856 and 0.003 units given a unit increase in CSR, FSZ and FAG respectively. These simply mean that the three (3) variables are major determinants of Turnover.

Table 5. Corporate Social Responsibility: Panel Data Analyses for TURN.

	(1)	(2)	(3)
VARIABLES	**OLS**	**RE**	**FE**
CSR	0.053*	0.053*	0.074***
	(0.031)	(0.031)	(0.025)
FSZ	0.856***	0.856***	0.549***
	(0.048)	(0.048)	(0.097)
FAG	0.003*	0.003*	0.034***
	(0.002)	(0.002)	(0.012)
LEV	0.022	0.022	-0.319*
	(0.214)	(0.214)	(0.169)
Constant	1.945**	1.945**	5.664***
	(0.846)	(0.846)	(1.190)
Model criteria			
Observations	50	50	50
R-squared	0.897	0.811	0.862
Firm Effect	NO	YES	YES
Year Effect	NO	NO	NO
F-test	97.96	391.8	63.79
Prob> F	0.000	0.000	0.000
LM Test [Prob]	0.00 [1.000]		
Hausman [Prob]		3.91 [0.418]	

Source: Author's Computation, underlying data from annual reports of firms listed on NSE
Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

4.6. Hypothesis Testing

4.6.1. Hypothesis 1

H_0: There is no significant relationship between Corporate Social Responsibility and Return on Capital Employed of manufacturing firms in Nigeria.

From the results in Column 1 of Table 3 it is found that the relationships between corporate social responsibility (CSR) and firm performance (measured by ROCE) is positive but insignificant given the coefficients which is 0.055 and probability values greater than 0.05. This suggests the acceptance of the null hypothesis and concludes that there is no significant relationship between CSR and Return on Capital Employed of manufacturing firms in Nigeria during the period of this study.

4.6.2. Hypothesis 2

H_0: Corporate Social Responsibility has no significant effect on Return on Investment of manufacturing firms in Nigeria.

The result in column 1 of Table 4 shows that the coefficient of corporate social responsibility (CSR) is 0.045 with the probability value that is less than 0.05. These imply that positive and significant relationship exists between CSR and firm performance indicator (ROI). This soundly rejects the null hypothesis and concludes that corporate social responsibility (CSR) has significant effect on firm's performance in terms of Return on Investment (ROI).

4.6.3. Hypothesis 3

$H_{0:}$ Corporate Social Responsibility does not significantly influence sales or Turnover of manufacturing firms in Nigeria.

The coefficients of CSR (0.053; p<0.10) in Columns 1 of Tables 5 indicates that positive and significant relationships exist between the variables and the firms' performance indicator. This firmly rejects the null hypothesis and concludes that Corporate Social Responsibility significantly influences Turnover of manufacturing firms in Nigeria.

4.7. Findings- Impact of CSR on Performance of Quoted Manufacturing Companies in Nigeria

The study used a panel regression data estimation framework and covered the period of 2007-2016. Financial performance was measured by return on capital employed, return on investment and turnover or sales obtained from audited statement of comprehensive income. Corporate social responsibility was measured by firm size, financial leverage and age of firm. Investment in CSR was measured by monetary spending on social activities. The study reveals that CSR has a positive and significant effect on firms financial performance. It was found that as CSR of this quoted manufacturing companies increases, there was a corresponding increase in profit for example Guinness Nigeria Plc in the year 2007, the amount spent on CSR was =N=138,453,000=and the profit reported for the year 2008 was =N=17,092,950,000. Nestle Nigeria Plc used =N= 45,547,000 for CSR for the year 2014 and reported an increase in profit in the year 2015 of =N=29,322,477,000.

The study fully supports the findings of Ongolo (2012) and those of Gathungu and Ratemo (2013) to the effect that CSR enables a firm to penetrate the market, remain competitive in a stiff and volatile market and generate profits in a foreseeable future. Among the three variables measured ie ROCE ROI and Turnover the one with the strongest relationship with CSR is the turnover with a R- squared of 0.897 ie 87% which shows that it is statistically significant also from the correlation matrix table we can see the relationship between firms size and turnover at 0.93 at 1% level of significant which means there is a positive relationship and the association between them are strong. The study also proved that ROCE is not a major determinant of CSR but ROI and turnover this may be due to the facts of other variables been included

5. Conclusion

The study intended to determine the impact that corporate social responsibility has on the performance of quoted manufacturing companies in Nigeria. The study found out that CSR has a positive and significant effect on the financial performance of these manufacturing companies. The study also concludes that CSR for the success of manufacturing company since it helps to improve financial performance. It is therefore a noble practice for manufacturing firms to engage in CSR as part of their operating activities and set aside funds annually towards a social course and that for a firm to grow and realize it goals, it has to engage itself morally and commit itself at improving the society's social and living standards. The study also reveals that high profitable companies have invested heavily in CSR activities as the years goes by which have increased their profit level and even their turn over. Therefore manufacturing companies should operate outside their normal activities to support the community. Improving the livelihood of a community attracts investors, large customer base, sponsors who will help the manufacturing company achieve its objectives towards community needs. In turn spending less on CSR while at the same time achieving high return from being a good corporate citizen. Being good corporate citizen attract tax exemptions, government favors, new capital, brand image, customer loyalty, and in the end achieving greater profitability.

This study recommends measures to be concerned by corporate organizations stakeholders and academia as long as corporate social responsibility is concerned. CSR deserves greater attention and more commitment from corporate organizations in that it guarantees other benefits other than just profits. This offers an opportunity to the corporate world to think beyond and explore other viable areas to improve company profits portfolio. Organizations could liaise with community authorities to identify areas or opportunities available to them to better the lives of the people through provision of social amenities. This will go a long way to improve the general standard of living of the people. Corporate organization should intensify efforts to educate the public on their primary responsibilities, various commitments to other stakeholder and financial limitations. By doing so, the public will begin to show understanding and appreciation of the efforts and contribution of such organization. For companies that are located in the same locality, they can partner with each other and carry out their social responsibility which will lead to cost reduction while achieving the same goal.

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