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Assessing the effect of corporate social responsibility on financial performance of a company: statistics from Nigerian quoted banks

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Purpose – to research the effect of the corporate social responsibility (CSR) on the corporate financial performance (CFP) of quoted banks in Nigeria.

Design/Method/Research approach. Using data of corporate social responsibility expenditure as a proxy for CSR and the trio of return on assets (ROA), return on equity (ROE), and bank earnings per share (EPS) as a proxy for CFP, regression analysis was conducted. ROA, ROE, and EPS data were collected from the banks' financial statements for the period 2012 – 2016.

Findings. In particular, our analysis and findings suggest that CSR expenditure had no significant effect on all the three proxies of CFP of quoted banks in Nigeria. It supports the arguments in the literature that financial performance alone does not justify expenditure on CSR activities by the quoted Nigerian banks.

Practical implications. Our results show that there is a need for banks to consider other factors to see if the case for CSR activities exists. If they do not, the banks should stop engaging in these activities to increase the banks' profitability.

Paper type – empirical.

Keywords: Return on assets (ROA); return on equity (ROE); earnings per share (EPS); Corporate Social Responsibility.

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Оцінка впливу корпоративної соціальної відповідальності на фінансові показники компанії: статистика банків, котируваних у Нігерії

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Мета роботи – дослідити вплив корпоративної соціальної відповідальності (CSR) на фінансові результати діяльності (CFP) компаній (банків), котируваних у Нігерії.

Дизайн/Метод/Дослідницький підхід. Базуючись на даних стосовно витрат на корпоративну соціальну відповідальність як проксі для CSR та даних стосовно трійки показників, які характеризують дохідність банку: рентабельності активів (ROA), рентабельності власного капіталу (ROE) та прибутків банку на акцію (EPS), як проксі для CFP, здійснено регресійний аналіз. Дані стосовно ROA, ROE та EPS зібрано з фінансової звітності банків за 2012-2016 роки.

Результати дослідження. Результати аналізу вказують, що витрати на CSR не мали суттєвого впливу на всі три показники CFP банків, що котируються в Нігерії. Цим висновком підтримуються аргументи у літературі про те, що самі по собі фінансові результати не виправдовують витрат на діяльність з корпоративної соціальної відповідальності з боку нігерійських банків.

Практичне значення дослідження. Результати цього дослідження доводять, що банкам необхідно враховувати інші фактори, щоб зрозуміти, чи є виправданими дії з CSR. Якщо цього не зробити, банкам необхідно припинити займатися CSR для підвищення власної прибутковості.

Тип статті – емпіричний.

Ключові слова: рентабельність активів (ROA); рентабельність власного капіталу (ROE); прибуток на акцію (EPS); корпоративна соціальна відповідальність.

Оценка влияния корпоративной социальной ответственности на финансовые показатели компании: статистика банков, котируемых в Нигерии

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Цель работы – исследовать влияние корпоративной социальной ответственности (CSR) на корпоративные финансовые результаты (CFP) банков, котируемых в Нигерии.

Дизайн/Метод/Исследовательский подход. Используя данные о расходах на корпоративную социальную ответственность в качестве прокси для CSR и данные о трех показателях, характеризующих доходность банка: рентабельности активов (ROA), рентабельности капитала (ROE) и прибыли банка на акцию (EPS) в качестве прокси для CFP, проведен регрессионный анализ. Данные относительно ROA, ROE и EPS получены из финансовой отчетности банков за период 2012-2016 гг.

Результаты исследования. Результаты анализа указывают на то, что расходы на CSR не оказали существенного влияния на все три показателя CFP банков, котируемых в Нигерии. Эти выводы поддерживаются аргументы в литературе о том, что сами по себе финансовые результаты не оправдывают расходы на деятельность по корпоративной социальной ответственности со стороны нигерийских банков.

Практическое значение исследование. Результаты исследования доказывают, что банкам необходимо учитывать другие факторы, чтобы понять, существует ли обоснование деятельности по CSR. Если этого не сделать, банкам необходимо прекратить участвовать в CSR для увеличения своей прибыльности.

Тип статьи – эмпирический.

Ключевые слова: рентабельность активов (ROA); рентабельность капитала (ROE); прибыль на акцию (EPS); корпоративная социальная ответственность.

1. Introduction

It is common to see companies engage in various forms of corporate social responsibility (CSR) in the hope of getting excellent corporate financial performance (CFP) in return. For decades, researchers have studied the link between CSR and CFP, with varying results, findings, and conclusions. However, even with the extensive study of the subject, gaps still exist in the literature. This study seeks to plug one of these gaps.

The CSR occurs when a company voluntarily undertakes some activities over its legal obligations to stakeholders and society. According to Wang, Tong, Takeuchi, & George (2016), the CSR is a business bearing responsibility not just to own shareholders but, to broader society and a group of stakeholders. Thus, it is treating all stakeholders responsibly and ethically, that makes the CSR activities go beyond legal requirements (Hopkins, 2003) and the company's interests to promote social good (McWilliams & Siegel, 2001). These social good include donating public buildings such as schools, hospitals, libraries, and recreational facilities. It also includes awarding scholarships and sponsoring social events. Some companies maintain public facilities like roads, gardens, and sports arenas. For instance, in Nigeria, some companies have sponsored long-standing school mathematics and science competitions as part of their CSR efforts (Adedipe & Babalola, 2014). Others, like oil companies operating in Nigeria's Niger Delta, are expected to provide power, clinics, water, and other social amenities to the host communities. The country's most significant and longest-standing scholarships are those awarded by these companies each year to thousands of Nigerians. It is not unusual to see rounds-about, kerbs, and gardens in the country are maintained by banks (Obi, 2011). Aside from maintaining public infrastructure, the commercial banks in Nigeria have been known to sponsoring fashion and beauty fairs and culinary fairs, attracting top chefs from around the world for a few days annually (Gtbank, 2019).

Profit-making companies are in business to increase the wealth of shareholders, and the CFP is concerned with a business achieving its set financial goals. These goals could be set by using measures of profitability or liquidity, and/or solvency, or other measures of shareholder wealth. Scholars have studied that. According to (Chernev & Blair, 2015), in working towards financial goals, companies act in specific ways; one of them is to engage in the CSR. As Oh and Park (2015) pointed out, the CSR is one of the ways the companies around the world have tried to achieve better financial performance. Freeman (1984) stated that the company's CSR decisions involve a trade-off between enhancing shareholder value and creating benefits for other stakeholders.

Concerning the influence of the CSR on the CFP, scholars have made a wide range of findings. Rodriguez-Fernandez (2016), Chernev and Blair (2015), Oh and Park (2015), and Saeidi, Sofian, Saeidi, Saeidi, and Saaeidi (2015) found a definite link between the CSR and the CFP. It is against the position of other studies, which discovered no significant relationship between the CSR and the CFP (Chetty, Naidoo, and Seetharam, 2015; Lim, 2017). However, other researchers, such as Flammer (2015), stated that the CSR initiatives led to lower profits and reduced shareholder value, while others like Bagnoli and Watts (2003) pointed out that the CSR activities led to the improvement in corporate financial performance.

These mixed results found by many scholars may be confusing and raise serious doubts about the existence of a link between the CSR and the CFP. Explaining these results provides ample opportunity for further research. The results may differ as the countries and industries that were subject of these studies had different economic characteristics and cultures, or any other reason(s). It shows the usefulness of studying the CSR-CFP link in specific industries and countries, without generalizing results.

Although there are some studies conducted in this area, there are quite a few related to Nigerian businesses. Adedipe & Babalola

(2014) did a descriptive analysis of the CSR performed by the banking industry in Nigeria. The study used Smart Art to show how these banks did the CSR and how the CSR activity may have contributed to their growth. It did not do any quantitative analysis of the CSR effect on any proxy of corporate growth. Another study of the CSR-CFP link in Nigeria was by Obi (2011), yet the study was conducted without quantitative analysis to show what effect the CSR may have on corporate performance. Also, it did not directly address the banking industry.

In studying the CSR-CFP link in Nigeria, there is a need to study it in industries that, according to Obi (2011), are engaged in many CSR activities – the banking and oil & gas industries. This study aims to establish if the CSR leads to better corporate financial performance in the banking industry. It, therefore, primarily sets out to: examine the effect of the CSR expenditure on the ROE, the ROA, and the EPS of quoted commercial banks in Nigeria. However, the study is limited to the bank CSR activities within a period of 5 years (2012 to 2016).

This country- and industry-specific study is important given the different results that have emanated from several scholars who have studied the effect of corporate social responsibility on the company's performance in many other countries.

1.1. Concept of Corporate Social Responsibility

The concept of corporate social responsibility is the idea of a company looking beyond its primary purpose of increasing shareholder wealth and taking action to provide further value to other stakeholders even though the law does not require such an action. According to Bowen (1953), the CSR is 'the businessmen obligations to pursue those policies, to make those decisions, or to follow those action lines desirable for objectives and values of our society.' The CSR concept is, therefore, noble, but the question remains whether it benefits the business. Some scholars have disagreed with the notion that businesses should get engaged in the CSR. For them, the company's only concern should be the maximization of shareholder wealth. Such a school of thought posits that shareholders may use their wealth to better society, but the company's job is to provide that wealth to the shareholders (Prior, Surroca, & Tribo, 2008).

The school of thought that believes that the CSR is beneficial has many studies in its support. In their work, Saeidi, Sofian, Saeidi, Saeidi, & Saaeidi (2015) suggested that the CSR plays a role in indirectly promoting company's performance through enhancing reputation and competitive advantage while improving the level of customer satisfaction. Documenting that social goodwill can benefit consumer perceptions of product and service performance, Chernev & Blair (2015) found that doing good can translate into doing well financially for a company. Rodriguez-Fernandez (2016) opined that the social is profitable, and the profitable is social and that the CSR generates a positive feedback virtuous circle, which ends up making the company that is engaged in the CSR outperform those that do not. Researches of the CSR-CFP link in South Korea, Oh & Park (2015) revealed that the CSR had a positive effect on the CFP, especially in industries such as food and beverages, metals, etc. Wang, Chen, Yu, & Hsiao (2015) discovered that the CSR helped increase brand equity, which in turn translated into excellent corporate financial performance. In their study of small and medium enterprises in Spain, Madueño, Jorge, Conesa, & Martínez-Martínez (2016), found that the development of the CSR practices, directly and indirectly, contributed to improved competitive performance through the companies' ability to manage their stakeholders better. Adedipe & Babalola (2014) also agreed that the CSR had a positive effect on the CFP. In their research on corporate social responsibility in US companies, Kang, Germann, & Grewal (2016) came upon that the CSR and corporate social irresponsibility (CSI) were relatively highly correlated, indicating that omitting the CSI from the CSR-company performance link might yield misleading findings. They

also uncovered that the CSI had a significant adverse effect on the company's performance. These results seem to be the reason that many companies around the world keep on spending resources on the CSR.

On the opposite debate, many studies suggest no effect of the CSR on the CFP. Some even suggest that there is a negative effect. *Lim (2017)* came across a significant relationship between some social variables and financial performance but found that this relationship was not always in a positive direction. It supports the thinking that there may be a cultural angle to the effect of the CSR on the CFP, as different populations and jurisdictions respond to different forms of the CSR in different ways. *Chetty, Naidoo, & Seetharam (2015)* contributed to the debate, stating that in the research of South African companies, various industries provided mixed results between CSR and CFP for companies over the long term, showing that the CSR activities led to non-significant differences in financial performance. *Petrenko, Aime, Ridge, & Hill (2016)* wondered the motive behind the CSR – whether for altruistic reasons or just the CEO narcissism. They concluded that the CEO narcissism had positive effects on levels and profile of organizational CSR; and that the CSR driven by the CEO narcissism reduces the effect on corporate financial performance.

Several dimensions of the CSR could be applied to study its effect on the CFP. These include corporate governance, community, diversity, employee relations, environment, human rights, and product quality. These dimensions are used to construct indices like the KLD and JSE SRI. However, nowadays, there are no such CSR indices in Nigeria. Therefore, to measure the CSR, this research utilizes content analysis of the CSR disclosures in annual banks' reports. There applied actual CSR expenditures in Nigerian Naira of the quoted banks as the dimension that allows investigation of the CSR effect on the CFP. Actual CSR expenditures represent the real funds committed to the CSR activities by the banks. This research compares banks of different sizes by applying the CSR expenditure as a proportion of the particular bank's total assets.

1.2. Concept of Corporate Financial Performance

The concept of corporate financial performance can be brought down to its measures – profit margins, return on assets, return on equity, and earnings per share. Scholars have used some or all of these to study the subject. However, each of them looks at financial performance from a different perspective. The ROA views how much financial return a company has, given its assets to make that return. The ROE considers the return on the amount of equity invested. The EPS estimates the earnings produced per share, while profit margin compares earnings to the number of sales made to produce such earnings. Scholars like *Chetty, Naidoo, & Seetharam (2015)* and *Rodriguez-Fernandez (2016)* applied the ROA and the ROE as a proxy for financial performance, while others like *Wang, Chen, Yu, & Hsiao (2015)* and *Qiu, Shaikat, & Tharyan (2016)* applied another profitability measure like sales margins. The research uses two of these proxies for financial performance (ROA and ROE), and controls with another (EPS).

This way, various perspectives of financial performance are covered. Although both the ROA and the ROE are the most commonly used metric to measure financial performance according to the previous CSR-CFP studies (*Barnett & Salomon, 2006*) and (*Hagel III, Brown, & Davison, 2010*), other studies have also applied market-based financial metrics such as the EPS and Tobin's Q to measure the CFP. The EPS is used as control of the others due to its ability to offer a different kind of financial performance measure. It provides the absolute monetary figures, unlike the ROA and the ROE, that give returns figures – in percent. Using it controls for biases that may occur since income is divided by total assets and equity to get the ROA and the ROE, respectively.

1.3. Theoretical Framework

Researchers worked on the relationship between the CSR, and the CFP have underpinned their work on many different theories. Those theories include the neoclassical trade theory, the economic model theory, agency theory, and the stakeholder theory. The economic environment and objectives basis set to achieve, we apply the Stakeholder Theory developed by (*Freeman 1984*) to underscore the research. The stakeholder theory is at the heart of the CSR, and any company that does not rely on its basic principles may be reluctant to get engaged in any form of the CSR. Studies on the CSR-CFP link by *Ioannou & Serafeim (2018)*, *Lim (2017)*, *Oh & Park (2015)*, and *Orlitzky, Schmidt, & Rynes (2003)* used stakeholder theory as their basic framework. Introduced in 1983 (*Freeman & Reed, 1983*), stakeholder theory is a conceptual framework with the perspective on the ethical and moral values of organizations. According to *Freeman (1984)*, stakeholder groups are the groups, aside from the shareholders, without which the company would cease to exist.

1.4. Empirical Studies

Previous empirical studies on the CSR and its relationship with the CFP using different methodologies, populations, and samples, have come up with mixed results. Environment, community, human rights, diversity, employee relations, product quality, and corporate governance as proxies for the CSR and the ROA as proxy for the CFP, *Lim (2017)* discovered that, for the S&P 500, the relationship between the CSR and the CFP was significant in certain industries (two out of the eight studied) but not in others. The relationship was not always in a positive direction. Modeling the four relationship's mechanisms between the CSR and the CFP, *Kang, Germann, and Grewal (2016)* applied structural panel vector autoregression (SPVAR) to KLD ratings of the CSR and Tobin's Q (CFP) finding that the CSR and corporate social irresponsibility (the CSI) are fairly highly correlated. It indicates that omitting the CSI from the CSR-CFP link might yield misleading findings. They also found that CSI had a significant negative effect on company performance. Using the Johannesburg Stock Exchange Socially Responsible Investing Index as a proxy for the CSR and the ROE, the ROA, and the EPS as proxies for the CFP, and applying regression techniques, *Chetty, Naidoo, and Seetharam (2015)* came across that various industries provided mixed results for the CSR-CFP link. Some researches on the subject considered the role of corporate governance on the CSR and, by extension, the CFP. *Rao and Tilt (2016)* examined the effect of board diversity on the CSR, revealing that examining boards' decision-making processes concerning the CSR provided more insight into the link between board diversity and the CSR, and therefore the CFP. In her investigation of the good corporate governance role on the CSR-CFP link using regression analysis, *Rodriguez-Fernandez (2016)* uncovered that the social is profitable and the profitable is social, thereby originating a positive feedback virtuous circle.

Qiu, Shaikat, and Tharyan (2016) examined the link between a company's environmental and social disclosures and its profitability and market value. Using regression analysis, they found that there was a definite link between lagged profitability and current social disclosures. It appeared that companies with some profitability track record had the ability and willingness to invest in stakeholder engagement practices, as evidenced by higher and objective social disclosures.

Madueño, Jorge, Conesa, & Martínez-Martínez (2016), while studying the relationship between the CSR and competitive performance in Spanish SMEs, considered empirical evidence from a stakeholders' perspective. He used partial least squares analysis and found that the development of the CSR practices contributed to the increase of competitive performance both directly and indirectly through the ability of such organizations to manage their stakeholders better. In their work on the relationship between the CSR and the CFP in Korea, *Oh and Park (2015)* tried to show that companies needed an active and strategic view of the CSR nestling as a

sustainable factor of a company, since the company's value may be influenced by it. The study found that the CSR had a positive effect on the CFP in Korea, which reflects that the stakeholder theory seems valid. Wang, Chen, Yu, and Hsiao (2015) estimated the CSR effects on brand equity and company performance using quantile regression and structural equation modeling and found that the economic dimension of the CSR and the prestige driver of brand equity were positive and significant for all the quantiles.

Some studies questioned the methodology and data applied in studies on the CSR-CFP link. McWilliams and Siegal (2000), for instance, tried to find out if there really was a correlation between the CSR and the CFP, or just results brought about by miss-specified models. This work found that studies gave conflicting results about the relationship between the CSP and the CFP because they omitted certain essential variables such as the intensity of research and development (R&D). Performing a meta-analysis of fifty-two studies on the subject, Orlitzky, Schmidt, and Rynes (2003) located that corporate virtue as the social responsibility and, to a lesser extent, environmental responsibility was likely to pay off. However, the operationalization of corporate social performance (the CSP) and the CFP moderated the positive relationship.

2. Research question

The central research question is as follows:
T Does the CSR expenditure have any effect on the financial performance of the quoted banks in Nigeria?

The Financial Performance, in this case, is represented by the ROA, the ROE, and the EPS, leading to the following research questions:

- A) Does the CSR expenditure have any significant effect on return on assets (the ROA) of quoted banks in Nigeria?
- B) Does the CSR expenditure have any significant effect on return on equity (the ROE) of quoted banks in Nigeria?
- C) Does the CSR expenditure have any significant effect on earnings per share (the EPS) of quoted banks in Nigeria?

3. Methodology and data

The research examines the effect of the CSR on the CFP for a five-year-period – 2012–2016. The design is the ex-post facto research design. It applies the data collected from all the thirteen quoted commercial banks in Nigeria and adopts a quantitative approach based on a philosophical world view of post-positivism. Regression analysis is conducted to examine the data gathered on the CSR, which proxy is the CSR expenditure, and the two proxies of the CFP – the ROA and the ROE. As a test control, the regression analysis is also conducted on a third proxy of the CFP – the EPS.

The approach supported by Mkansi and Acheampong (2012) stated that quantitative research is the most appropriate method for analyzing empirical data of multiple constructs. Such researchers used this approach as Ioannou & Serafeim (2018), Lim (2017), Wang, Tong, Takeuchi, and George (2016), Madueño, Jorge, Conesa, and Martínez-Martínez (2016), and Luo, Wang, Raitel, and Zheng (2014).

There are 20 commercial banks in Nigeria. Thirteen of which were quoted on the Nigerian Stock Exchange as of 15th May 2019. These include Access Bank, Ecobank, First Bank of Nigeria Holdings, Fidelity Bank, First City Monument Bank, Guaranty Trust Bank, Stanbic IBTC, Sterling Bank, Union Bank, United Bank for Africa, Unity Bank, Wema Bank, and Zenith Bank. This research was conducted to consider the CSR-CFP link in the thirteen quoted commercial banks that made the base the research. The study is based on the CSR expenditure of the listed banks sourced from the banks' published annual financial statements collected from the

banks' websites. The same data was also collected from the database of the Securities & Exchange Commission and the two sets of data compared for accuracy. Data for the proxies of the CFP, the ROE, and the ROA, was obtained from the published financial statements. The research collected the EPS data of the companies to use as a control. The absence of the processed CSR data in Nigeria meant that raw CSR expenditure data were collected and processed to yield results. The ROA and the ROE values were computed from the financial statements' data, and the computed means and all those were put into the regression model.

Model Specification

The regression models:

$$Y_{ROE} = b_0 + b_1 \text{CSREXP}_{ROE} + e \quad (1)$$

$$Y_{ROA} = b_0 + b_1 \text{CSREXP}_{ROA} + e \quad (2)$$

control:

$$Y_{EPS} = b_0 + b_1 \text{CSREXP}_{EPS} + e \quad (3)$$

wherein:

- CSREXP – bank CSR expenditure;
- Y_{ROE} – dependent variable ROE;
- Y_{ROA} – dependent variable ROA;
- Y_{EPS} – dependent variable EPS;
- e – error term;
- b_0 – intercept;
- b_1, b_2 – slope coefficients.

3.1. Data Analysis

Data on the ROA, the ROE, and the EPS of the thirteen banks were collected from their audited annual reports over the five years – from 2012 to 2016. The CSR expenditure amounts were also obtained from the banks' annual reports, save for that of Ecobank reported its CSR expenditure differently in different countries of its operation. Its total CSR expenditures were not clear and were, therefore, excluded from the analyzed data. To make the CSR expenditure data comparable across the quoted banks, the total assets of the specific bank and the resulting figure used for the regression divided each bank's CSR expenditure. The below tables (Table 1, Table 2, Table 3, Table 4) present descriptive statistics of the CSR expenditures, the ROA, the ROE, and the EPS of the banks.

3.2. Test of the Hypotheses

The regression was performed at the 5% level of significance. The results were as follows:

The first hypothesis stated that:

H₀₁: the CSR expenditure has no significant effect on the ROA of the quoted commercial banks in Nigeria.

$$Y_{ROA} = b_0 + b_1 \text{CSREXP}_{ROA} \quad (4)$$

The result of the analysis demonstrated that the CSR had no significant effect on the ROA of the quoted banks in Nigeria. The regression results illustrated a p-value of 0.157, meaning that the null hypothesis cannot be rejected, as shown in Table 5 below.

The regression of the CSR expenditure on the ROA depicted R^2 of 0.54, which means that the model could explain 54 % of the variability in the ROA. It negates the result showing an insignificant relationship between the CSR expenditure and the ROA.

Table 1

Descriptive Statistics of the CSR Expenditures of the Quoted Banks in Nigeria (over the total assets)*

Bank	2012	2013	2014	2015	2016
Access Bank	0.00010	0.00021	0.00018	0.00013	0.00008
First Bank of Nigeria	0.00034	0.00033	0.00027	0.00010	0.00003
First City Monument Bank	0.00025	0.00044	0.00031	0.00017	0.00014
Fidelity Bank	0.00050	0.00017	0.00021	0.00008	0.00005
Guaranty Trust Bank	0.00021	0.00030	0.00025	0.00016	0.00014
Stanbic IBTC Bank	0.00023	0.00014	0.00017	0.00025	0.00012
Sterling Bank	0.00020	0.00019	0.00009	0.00012	0.00025
Union Bank	0.00008	0.00005	0.00022	0.00005	0.00002
United Bank for Africa	0.00004	0.00016	0.00014	0.00006	0.00009
Unity Bank	0.00010	0.00013	0.00046	0.00005	0.00002
Wema Bank	0.00008	0.00012	0.00029	0.00008	0.00007
Zenith Bank	0.00023	0.00027	0.00029	0.00023	0.00054
Mean	0.00020	0.00021	0.00024	0.00012	0.00013
Median	0.00021	0.00018	0.00024	0.00011	0.00009
Min	0.00004	0.00005	0.00009	0.00005	0.00002
Max	0.00050	0.00044	0.00046	0.00025	0.00054
Standard deviation	0.0001254	0.00010	0.00009	0.00006	0.00014

*Source: compiled by Authors.

Table 2

Descriptive Statistics of the Returns on Assets of the Quoted Banks in Nigeria*

Bank	2012	2013	2014	2015	2016
Access Bank	2.70	2.10	2.60	3.20	2.40
First Bank of Nigeria	2.9	2.5	2	0.4	0.4
First City Monument Bank	1.7	1.7	1.9	0.4	1.23
Fidelity Bank	2.2	0.8	1.3	1.1	0.9
Guaranty Trust Bank	5.22	4.69	4.24	4.07	4.69
Stanbic IBTC Bank	1.9	2.9	3.9	2	2.9
Sterling Bank	1.4	1.4	1.4	1.4	0.7
Union Bank	0.40	0.50	2.30	1.40	1.40
United Bank for Africa	2.6	1.9	1.8	2.2	2.3
Unity Bank	2	3.1	2.6	6	4.1
Wema Bank	-2.12	0.68	0.87	0.78	0.63
Zenith Bank	4.08	3.87	2.90	2.70	3.00
Mean	2.08	2.18	2.32	2.14	2.05
Median	2.10	2.00	2.15	1.70	1.85
Min	-2.12	0.50	0.87	0.40	0.40
Max	5.22	4.69	4.24	6.00	4.69
Standard Deviation	1.74	1.24	0.97	1.59	1.35

*Source: compiled by Authors.

Table 3

Descriptive statistics of the returns on equity of quoted banks in Nigeria*

Bank	2012	2013	2014	2015	2016
Access Bank	20.70	15.41	16.50	20.40	17.40
First Bank of Nigeria	22.7	22.4	16.9	2.7	3
First City Monument Bank	9.7	12.1	14.8	2.9	8.4
Fidelity Bank	11.8	4.8	8	7.6	5.3
Guaranty Trust Bank	33.98	29.32	27.3	25.55	28.8
Stanbic IBTC Bank	14.4	21	28.7	13.8	20.8
Sterling Bank	15.9	15	13.9	11.4	5.7
Union Bank	1.80	2.80	10.40	6.10	5.90
United Bank for Africa	31.9	21.8	19	20	19
Unity Bank	12	5.7	20.5	1.1	0.72
Wema Bank	-133.58	9.13	7.27	6.78	5.48
Zenith Bank	23.49	21.74	18.70	18.40	20.00
Mean	5.40	15.10	16.83	11.39	11.71
Median	15.15	15.21	16.70	9.50	7.15
Min	-133.58	2.80	7.27	1.10	0.72
Max	33.98	29.32	28.70	25.55	28.80
Standard Deviation	42.82	8.01	6.43	7.79	8.59

*Source: compiled by Authors.

Table 4

Descriptive Statistics of the EPS in kobo of the Quoted Banks in Nigeria*

Bank	2012	2013	2014	2015	2016
Access Bank	172	159	186	265	250
First Bank of Nigeria	230	204	235	43	39
First City Monument Bank	66	30	27	13	19
Fidelity Bank	62	27	48	48	34
Guaranty Trust Bank	306	170	332	351	467
Stanbic IBTC Bank	50	186	293	166	401
Sterling Bank	44	52	42	36	18
Union Bank	46	30	121	84	92
United Bank for Africa	166	152	156	179	204
Unity Bank	18	59	17	12	19
Wema Bank	-42	8	6	6	6
Zenith Bank	319	301	266	336	412
Mean	120	115	144	128	163
Median	64	105	139	66	66
Min	-42	8	6	6	6
Max	319	301	332	351	467
Standard deviation	112	89	112	123	169

*Source: compiled by Authors.

Table 5

Regression results X= the CSR expenditure/Total Assets, Y = mean the ROA of banks*

Variable	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	1.887684	0.146211473	12.91064	0.001003	1.422373868	2.352994
X Variable 1	1474.503	784.8056718	1.878813	0.156879	-1023.09892	3972.105

*Source: compiled based on Author's calculations.

The second hypothesis stated the following:

H₀₂: the CSR expenditure has no significant effect on the ROE of the quoted commercial banks in Nigeria:

$$Y_{ROE} = b_0 + b_1 \cdot CSREXP_{ROE} \quad (5)$$

The regression analysis returned a p-value of 0.53, which is much greater than the level of significance of 0.05, implying that the research cannot reject the null hypothesis.

R² was 0.14, meaning that the model explained only 14% of the ROE variability. Table 6 shows those results.

The third hypothesis was specified as a control on the first two and stated that:

H₀₃: the CSR expenditure has no significant effect on the EPS of the quoted commercial banks in Nigeria:

$$Y_{EPS} = b_0 + b_1 \cdot CSREXP_{EPS} \quad (6)$$

The regression result here was in line with the first two. It had a p-value of 0.60, again much greater than 0.05, meaning that the null cannot be rejected. Therefore, CSR showed no significant effect on EPS of quoted banks in Nigeria. The model had R² of 0.09, indicating that the model could only explain 9% of the variability in the EPS of the banks. It is shown in Table 7.

Table 6

Regression results X= the CSR expenditure/Total Assets, Y = mean the ROE of banks

Variable	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	6.3200695	8.475967667	0.745646	0.509989	-20.6542425	33.294382
X Variable 1	31946.802	45495.66035	0.702194	0.533136	-112840.695	176734.3

*Source: compiled based on Author's calculations.

Table 7

Regression results X= the CSR expenditure/Total Assets, Y = mean the EPS of banks

Variable	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	155.97201	39.21187435	3.977673	0.028422	31.1823293	280.761699
X Variable 1	-121373.3	210473.9172	-0.57667	0.604588	-791195.288	548448.592

*Source: compiled based on Authors' calculations.

4. Results and discussion

The results of the study showed that the CSR expenditure had no significant effect on the financial performance of the quoted banks in Nigeria. These results were as follows:

A) No significant effect was found of the CSR expenditure on the ROA of the quoted banks in Nigeria. The model, however, explained 54% of the variability in the ROA of these banks.

B) No significant effect was found of the CSR expenditure on the ROE of the quoted banks in Nigeria. The regression model explained only 14% of the variability in the ROE of the banks.

C) No significant effect was found of the CSR expenditure on the ROE of the quoted banks in Nigeria. The regression model explained only 9% of the variability in the EPS.

These results indicate that social responsibility activities do not influence financial performance in the quoted banks in Nigeria. The outcomes' consistency across the three proxies of corporate financial performance used in the study indicates reliable results. These reliable results specifying a no-effect relationship between the CSR and the CFP are at variance with the reports of several researchers on the subject who indicated positive and negative relationships between the CSR and the CFP. It signifies that while it may be true that the CSR affects the CFP, it may be localized to specific industries in specific markets. It may also be cultural. In the Nigerian banking system, as represented by the banks quoted on the Nigerian Stock Exchange, the CSR does not affect the CFP.

5. Conclusions

The research sought to investigate the effect of the CSR on the corporate financial performance of the quoted commercial banks in Nigeria. The dimension of the CSR used was the CSR expenditure adjusted to eliminate size bias by dividing by bank's total assets. By regression of this CSR expenditure on the ROA and the ROE of the banks made the analysis possible. The regression of the CSR expenditure on the EPS of the banks was used as a test control. On conducting a regression analysis of mean CSR expenditure of the quoted banks on the banks' ROA, the research revealed that the CSR expenditure had no significant effect on the average ROA, the ROE, and the EPS of the banks. The determination coefficients (R^2) were in line with the results, showing that the models had very little explanatory power on corporate financial performance. The research also discovered that the banks spent only an average of 0.018% of their total assets on the CSR over the five years. This amount is relatively small and may explain the reason why the banks may continue to spend on the CSR activities even without evidence of any effect on their financial performance. Perhaps it may have been a more serious consideration for the banks if the CSR engagements were more financially tasking. This result means that banks in the Nigerian banking system may be wasting their CSR budgets if their purpose of engaging in the CSR is to achieve better financial performance. If there are other reasons for engaging in the CSR such as being a good corporate citizen, maintaining good relationships with communities, boosting the banks' ego and that of the chief executive officer, gaining recognition of the public and authorities, or just being a shaper of society, then the banks may continue engaging in the CSR. Otherwise, expenditure on the CSR may be an act in futility that the banks should consider stopping.

Given the result of this study, it is recommended that the quoted banks in Nigeria re-evaluate their CSR activities and the objectives of their engagement. If the sole objective is financial performance, then a re-think may be necessary, and they should decide to stop expending resources on the CSR activities. The companies must spend shareholder's assets only on worthwhile activities. The banks must, therefore, carefully consider if their CSR activities bring value more significant than the money spent on them. It is essential to note that the benefits of the CSR to a company may not only be in the financial form but also in other merits, some of which may eventually lead to financial performance. However, it is essential that in deciding whether to continue with the CSR activities, the banks consider the public perception of the CSR activities of large corporations like themselves.

The public now tends to expect the CSR activities from these companies. A reason for not influencing financial performance could include those that the CSR activities are taken as expected threshold activities, and therefore which do not give any competitive advantages. It may be that getting engaged in the CSR activities provides no extra boost to corporate performance, and not their engagement could lead to poor financial performance. Although this is a specific view, none of the studied banks had zero expenditure on the CSR, which does not allow us to study this effect.

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