EFFECT OF CORPORATE SOCIAL RESPONSIBILITY ON FINANCIAL PERFORMANCE OF QUOTED DEPOSIT MONEY BANKS IN NIGERIA

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Abstract
*Corporate social responsibility activities have the potential to create value for both society and businesses, the precise nature of their influence on financial performance remains unstable and subject to empirical investigation This study aimed to assess the influence of corporate social responsibility (CSR) expenditure on the financial performance of quoted deposit money banks in Nigeria, analysing return on assets (ROA), return on equity (ROE), and earnings per share (EPS). The study employed cross-sectional survey research design. The study utilized secondary data obtained from published report of thirteen (13) quoted deposit banks on the Nigerian Exchange Group (NXG) spanning across 5-year period from 2019 to 2023. using Generalized Method Moment (GMM) the study revealed that, corporate social responsibility has positive effect on CSR spending and all three financial metrics which includes return on assets, return on equity and earnings per share. Based on the findings the study recommended that, quoted deposit money banks to enhance public awareness of CSR activities to foster legitimacy and inspire greater participati*on.
Key Words: Corporate social responsibility; return on assets; return on equity; earnings per share; financial performance; deposit money banks in Nigeria

INTRODUCTION

Numerous researchers have grappled with the intricate relationship between corporate social performance (CSP) and financial performance (FP), recognizing its complexity and methodological challenges (Carroll, 2000; Griffin and Mahon, 1997; Rowley and Berman, 2000). Corporate Social Responsibility (CSR) involves organizations proactively undertaking actions to positively impact their communities, environments, and stakeholders (Adeyanju, 2012). Simplified by the European Commission as enterprises' responsibility for societal impacts (Jibril et al., 2016), CSR is gaining prominence in various contexts, including Nigeria.

In Nigeria, the depth of CSR engagement is increasing among organizations, viewed as activities fostering sustainable societal impact and potentially enhancing business outcomes (Ajide and Aderemi, 2014). Modern business management emphasizes extending activities beyond goods and services to community engagement (Bakri, 2005). Firms are now accountable not only to shareholders but also to stakeholders, reflecting profound societal shifts (Manescu and Starica, 2008). CSR involves integrating social and environmental concerns with economic interests, fostering respectful relationships with all stakeholders (Sapkauskiene and Leitoniene, 2014).

Financial institutions, particularly banks, significantly influence society by pricing assets, managing risks, and organizing payment systems (Greenbaum and Thakor, 2007). Socially responsible banking is gaining traction, with financial institutions recognizing broader impacts beyond financial returns (Social Investment Forum, 2006). While empirical studies on socially responsible investments show similar risk-return profiles compared to conventional funds (Bauer et al., 2005), banks' indirect impact on CSR remains a challenge due to their intermediary role (Levine, 2004).

Studies have shaped corporate CSR practices, increasing transparency and scrutiny of social responsibility efforts (Amahalu, Egolum, Obi, and Iliemena, 2016). In Nigeria, empirical studies reveal mixed findings on the relationship between CSR expenditure and financial performance (Saminu et al., 2016; Okoye et al., 2017), with some viewing CSR as a PR tactic rather than a genuine commitment (Ajide and Aderemi, 2014). Contextual factors influence CSR perceptions and practices, with a dearth of research in developing countries like Nigeria (Sapkauskiene and Leitoniene, 2014). Addressing these gaps, this study

aims to deepen understanding of CSR's impact on financial performance, potentially enhancing public trust and fostering greater CSR engagement in banking.

In understanding the link between CSR and financial performance, it's essential to note differing viewpoints. While some argue that CSR activities are primarily aimed at enhancing a company's reputation and thus might not directly affect financial performance (Wang and Tuttle, 2014), others suggest that CSR can indirectly influence investor perceptions, affecting financial reporting and ultimately impacting financial performance (Amahalu et al., 2016). These contrasting perspectives underscore the need for empirical investigation tailored to specific contexts, such as the banking sector in Nigeria.

Banks, acting as financial intermediaries, play a critical role in the economy, shaping economic activities and influencing societal welfare (Levine, 2004). The concept of socially responsible banking is gaining traction globally, with financial institutions recognizing the importance of integrating social and environmental considerations into their operations (Hermes et al., 2005; Murdoch, 2019). This shift towards responsible banking reflects evolving societal expectations and regulatory pressures, emphasizing the need for banks to align their activities with broader social and environmental goals.

Despite the growing recognition of CSR's importance, empirical evidence on its impact on financial performance remains mixed. While some studies suggest a positive relationship between CSR activities and financial performance (Saminu et al., 2016), others find no significant effect or even negative associations (Okoye et al., 2017). These discrepancies highlight the complexity of the relationship and the need for further research to elucidate the underlying mechanisms and contextual factors at play.

In the context of Nigeria, where CSR practices are gaining prominence, but empirical research remains limited (Ajide and Aderemi, 2014), there is a clear need for rigorous empirical studies to examine the relationship between CSR and financial performance in the banking sector. By providing insights into the potential impacts of CSR activities on financial performance, such studies can inform strategic decision-making and enhance stakeholder understanding of the value of CSR initiatives.

The relationship between CSR and financial performance is multifaceted and context dependent. While CSR activities have the potential to create value for both society and businesses, the precise nature of their impact on financial performance remains subject to debate and empirical investigation. In the Nigerian banking sector, where CSR practices are evolving, there is a pressing need for further research to inform strategic decision-making and enhance the sector's contribution to sustainable development. The main objective of this study is to ascertain the impact of corporate social responsibility on financial performance of quoted deposit money banks in Nigeria. It specifically determined the degree of impact of corporate social responsibility expenditure on return on assets (ROA), return on Equity (ROE) and Earning per Share (EPS) of quoted deposit money banks in Nigeria.

This study fills a research gap by investigating the direct link between corporate social responsibility (CSR) and financial performance in all quoted Nigerian banks. Utilizing the Generalized Method of Moments (GMM) estimation technique, it analyses return on assets, return on equity, and earnings per share (EPS) as metrics of financial performance. This comprehensive approach aims to provide insights into the impact of CSR initiatives on bank profitability and shareholder value. The following hypothesis are formulated in order to realise the objectives of this research.

H_{O1}: There is no significant relationship between corporate social responsibility expenditure and return on assets of quoted deposit money banks in Nigeria.

H_{O2}: There is no significant relationship between corporate social responsibility expenditure and return on equity of quoted deposit money banks in Nigeria.

H_{O3}: Corporate social responsibility has no significant effect on Earning per Share (EPS) of quoted deposit money banks in Nigeria.

LITERATURE REVIEW

Corporate Social Responsibility (CSR) encompasses various dimensions and interpretations, reflecting its multifaceted nature and evolving significance in the corporate world. Lentner, Szegedi, and Tatay (2015) view CSR as an instrument or concept necessitating a fundamental shift in organizational attitudes. They emphasize its role in prompting companies to undertake actions that positively impact their host communities, environment, and society at large. This sentiment is echoed by Adeyanju (2012), who describes CSR as an initiative through which organizations voluntarily engage in activities aimed at benefiting society, the environment, and stakeholders beyond their immediate profit-making objectives. Alkababji (2014) attributes the emergence of CSR to the globalization of the world economy and the rise of multinational corporations with significant economic influence. As corporations' activities increasingly affect society, there is a growing expectation for them to assume responsibility for environmental conservation, community development, and other societal issues. This shift in societal expectations is reinforced by Sendil (2015), who emphasizes the significant impact of firms' decisions on various stakeholders, including shareholders, employees, communities, and the environment.

Disclosure of CSR activities is considered essential due to the societal expectation that firms fulfill their social contract. Reynolds and Yuthas (2008) highlight the need for firms to communicate and verify their social and environmental initiatives, leading to the development of guidelines for CSR reporting. Corporate disclosures enable firms to communicate their value propositions to financial stakeholders, such as analysts and investors, and enhance their reputation and accountability. However, various factors, including firm size and industry characteristics, influence the extent of CSR disclosures (Da Silva Monteiro and Aibar-Guzmán, 2009; Brammer and Pavelin, 2008; Magness, 2006).

Clarkson (1995, as cited in Adeyanju, 2012) emphasizes that CSR involves treating stakeholders ethically and responsibly, both within and outside the corporation. This perspective aligns with the notion of "corporate citizenship," wherein firms incur short-term costs to promote positive social and environmental change (Mahbuba and Farzana, 2013). Adeyanju (2012) outlines key elements of CSR, including addressing social problems, serving a wider range of human values, and going beyond profit-making activities.

Moreover, CSR is closely linked to the principle of sustainable development, which advocates for corporate decision-making based on social and environmental considerations, in addition to financial factors (Manescu and Starica, 2008). Nuryaman (2013) further delineates CSR into three main components: people, profit, and planet, also known as the triple bottom line. This framework emphasizes the importance of businesses promoting social welfare, economic progress, and environmental sustainability.

In the context of this study, CSR expenditures refer to monetary outlays by corporations to finance CSR activities, aligning with the perspective of Lys, Naughton, and Wang (2015). Such expenditures encompass various initiatives aimed at benefiting society, including philanthropy, community development projects, and environmental conservation efforts. Bekkers and Wiepking (2002) define charitable giving as donations benefiting others beyond one's immediate family, reflecting the altruistic nature of CSR initiatives.

Overall, CSR represents a holistic approach to business that integrates social, environmental, and economic considerations into corporate decision-making. By embracing CSR, companies can contribute to sustainable development, enhance their reputation, and create value for all stakeholders.

Financial performance

Financial Performance (FP) measures are objective in nature whereas Non-financial Performance measures are subjective in nature that includes managers' perception of firm performance on market share, employee health and safety, investment in research and development, to mention a few. According to Jibril et al (2015) financial performance is an indicator of the firm's attainment of economic or financial objectives. The long-term survival and value of a firm is dependent on its ability to maintain desirable

profit levels through its operating activities. Information regarding a firm's financial performance is obtained from the financial statements on which stakeholders base their decisions in terms of either investment or sustenance of contractual business relationships with the entity.

There are several possible explanations for the inconclusive findings regarding the relation between CSR and financial performance in the extant literature. One possibility that we subscribe to in this study, is that it is difficult for researchers to accurately measure CSR and conduct the appropriate tests (Chen and Delmas, 2011). First, finding appropriate data on CSR performance at the firm level is difficult, and ratings provided by different agencies do not always converge (Chatterji, et al., 2016).

Empirical Review

The relationship between corporate social responsibility (CSR) and financial performance (FP) has been a topic of considerable interest and debate in empirical literature. Numerous studies have attempted to investigate this relationship, employing various methodologies and focusing on different industries and geographic regions. Understanding this relationship is crucial for businesses, investors, policymakers, and other stakeholders as it can impact decision-making processes and long-term sustainability strategies. Margolis and Walsh (2002) conducted a systematic literature review covering studies between 1971 and 2021, revealing a significant body of research dedicated to examining the link between CSR and FP. Among these studies, there is a diverse range of findings, reflecting the complex nature of this relationship. For instance, Abdulazeez and Monsuru (2014) found a positive association between CSR disclosure and bank profitability in Nigeria. Their study, which focused on 12 sampled commercial banks, indicated that banks' size and CSR disclosure scores positively correlated with profitability, while owner's equity showed a negative association. This suggests that enhancing CSR disclosure could improve corporate image and potentially boost patronage and profitability.

Coelho et al. (2023) expanded this understanding by examining the impact of CSR activities on financial performance across a broader spectrum of companies. Their systematic review and content analysis of 53 articles identified a direct relationship between CSR and FP, particularly as companies improved their environmental, social, and governance (ESG) scores. This suggests that companies allocating resources to address social and environmental concerns may experience synergies that enhance business value and financial performance. However, Sameer's (2021) study in the Maldives offered a contrasting perspective, revealing a significant negative relationship between CSR and FP among public companies. This suggests that in certain contexts, CSR activities may not always translate into improved financial performance. The study highlights the importance of considering contextual factors and industry-specific dynamics when examining the CSR-FP relationship.

Bagh et al. (2017) focused specifically on the banking sector in Pakistan, investigating the impact of CSR on the financial performance of 30 commercial banks over a ten-year period. Their findings supported a positive and significant association between CSR and key financial metrics such as return on assets (ROA), return on equity (ROE), and earnings per share (EPS). This suggests that CSR initiatives can contribute to enhancing financial performance, particularly in industries where reputation and stakeholder trust play a critical role. In contrast, Aggarwal (2013) found no significant overall association between sustainability ratings and financial performance, indicating the complexity and multifaceted nature of the CSR-FP relationship. This underscores the importance of considering specific sustainability components and their unique impacts on financial performance.

Moreover, studies by Tsoutsoura (2004) and Flammer (2013) provided additional insights into the nuances of the CSR-FP relationship. Tsoutsoura's study on S&P 500 firms found a statistically significant positive relationship between CSR and financial performance, suggesting that socially responsible corporate behavior can lead to bottom-line benefits. Flammer's study reinforced this idea by demonstrating that adopting CSR-related initiatives can result in superior financial performance, albeit with diminishing returns for companies with higher CSR levels. These findings highlight the importance of understanding the optimal level of CSR investment for maximizing financial returns.

Conversely, Malik and Nadeem (2014) and Rahmawati (2014) reported either insignificant or negative relationships between CSR and financial performance in their respective studies. This suggests that while CSR activities may contribute to social welfare and reputation enhancement, they may not always directly translate into improved financial outcomes. Factors such as real manipulation practices and contextual differences may influence the observed associations between CSR and FP. Furthermore, studies by Mohan et al. (2015) and Kanwal et al. (2018) emphasized the role of corporate governance mechanisms in shaping financial performance. Their findings underscored the importance of effective governance practices in driving financial outcomes, complementing the impact of CSR initiatives.

In summary, the empirical literature on CSR and FP presents a complex and nuanced picture, with studies reporting varying degrees of association between these two constructs. While some studies indicate a positive relationship, others suggest no significant association or even a negative relationship. These discrepancies underscore the need for further research to unravel the underlying mechanisms and contextual factors shaping the CSR-FP relationship. Despite inconclusive evidence, stakeholders recognize the importance of CSR in enhancing corporate reputation, stakeholder relationships, and long-term sustainability, irrespective of its immediate impact on financial performance. Hence, future research should aim to provide more comprehensive insights into this multifaceted relationship, considering industry-specific dynamics, regional variations, and methodological considerations.

This study addresses the gap in literature by examining the relationship between CSR and financial performance across all quoted banks in Nigeria. Unlike previous research, it employs GMM estimation and includes EPS alongside ROA and ROE as performance metrics, offering comprehensive insights into CSR's impact on Nigerian banking.

Stakeholder Theory

Stakeholder theory is chosen as the framework for this study due to its acknowledgment of stakeholders' legitimate interests in a company's operations, including the benefits derived from corporate social responsibility (CSR) initiatives. Stakeholders encompass various groups such as employees, the local community, suppliers, customers, society, finance providers, governments, and NGOs, all of whom play crucial roles in shaping a company's activities and outcomes (Freeman, 2001). Driven by ethical considerations, stakeholder theory emphasizes the importance of considering the interests of all affected parties in organizational decision-making (Pesqueux and Damak-Ayadi, 2005). Stakeholders, as defined by various scholars, include individuals or groups that can influence or are influenced by a company's objectives, development, and well-being (Freeman, 1984; Mercier, 1999; Donaldson and Preston, 1995). Stakeholders are broadly categorized into primary and secondary groups, with primary stakeholders having direct contractual relationships with the company, while secondary stakeholders are impacted by the company's actions without contractual ties (Caroll, 1989). Fontaine, Haarman, and Schmid (2006) emphasize the vital role of stakeholders in the corporation's survival and success, indicating that stakeholders may hold directors accountable for their duty of care. However, stakeholder theory faces challenges in determining the scope of stakeholder interests independently of the company's management, potentially leading to ambiguity and litigation. Additionally, accepting stakeholder rights may result in conflicts and legal actions (Freeman, 2004).

Despite these challenges, stakeholder theory remains valuable for understanding the relationship between CSR and financial performance, as it recognizes the importance of considering the diverse interests and impacts of various stakeholders on a company's operations and outcomes. By adopting a stakeholder perspective, this study aims to shed light on how CSR initiatives can benefit stakeholders and contribute to the long-term sustainability and competitiveness of companies in the banking sector.

METHODOLOGY

The study employed cross-sectional survey of quoted banks on the Nigerian Exchange Group (NXG), utilizing a quantitative strategy. This methodology was chosen because the study analysed quantitative statistical data to draw inferences on the effect of corporate social responsibility (CSR) on the financial performance of deposit money banks in Nigeria. The study focused on several variables, including Return

on Assets (ROA), Return on Equity (ROE), and Earnings Per Share (EPS) as proxies for the banks' financial performance, which served as the dependent variables. Additionally, Corporate Social Responsibility (CSR) was examined as an independent variable, proxied by the total expenditure incurred on various CSR activities throughout the year. This approach allowed for a systematic investigation into the relationship between CSR initiatives and financial performance metrics within the Nigerian banking sector.

The study utilized secondary data obtained from published report of thirteen (13) quoted banks on the Nigerian Exchange Group (NXG). The data spanned a 5-year period from 2019 to 2023 and included variables such as Return on Assets (ROA), Return on Equity (ROE), and Earnings Per Share (EPS) as proxies for financial performance, along with Corporate Social Responsibility (CSR), Regulatory Capital Adequacy (RCA), and Liquidity (LQD).

Model Specification

Model for estimation. Building upon the conceptual framework outlined in section two, the following models are proposed:

$$ROA_{it} = \beta_0 + \beta_1 CSR_{it} + \beta_2 RCA_{it} + X_3 LQD_{it} + \mu_{it} \quad (1)$$

Where: ROA_{it} represents Return on Assets of the respective banks (i) at time (t). The dependent variable can be substituted with the following two variables: ROE_{it} which represents Return on Equity of the respective banks (i) at time (t) and EPS_{it} that represents Earning per Share of the respective banks (i) at time (t). β_0 stands for Constant. CSR_{it} represents Corporate Social Responsibility of the respective banks (i) at time (t), RCA_{it} is the Regulatory Capital Adequacy of the respective banks (i) at time (t). LQD_{it} represents Liquidity of the respective banks (i) at time (t). while β_1, β_2, and β_3 are Coefficients and μ_{it} is the Error term. The a priori expectation: $\beta_1>0$, $\beta_2>0$, and $\beta_3>0$

To address the objectives and examine the effect of Corporate Social Responsibility (CSR) on the financial performance of listed deposit money banks in Nigeria, it's crucial to employ an appropriate estimation technique for reliable analysis. The chosen technique should handle potential issues like endogeneity and measurement errors. This research opted for the Generalized Method of Moments (GMM) estimator, as suggested by Arellano and Bover (1995) and Blundell and Bond (1998). GMM is dynamic and capable of addressing multicollinearity problems using an instrumental variable approach. Equation 2 indicates that explanatory variables may be endogenous and subject to measurement errors. However, employing the error correction model pool-regression technique with fixed effects helps mitigate these issues, as endorsed by Bond, Hoeffler, and Temple (2001). GMM is particularly suitable for dynamic panel data analysis, controlling for endogeneity of lagged dependent variables and addressing correlated explanatory variables and error terms. It excels in scenarios involving omitted variable bias, unobserved panel heterogeneity, and measurement errors. The flexibility of GMM allows for various implementation options, making it a robust choice for econometric analyses.

$$lnY_{it} = \varphi lnY_{it-1} + \gamma Z'_{it} + \beta X'_{it} + d_t + \varepsilon_{it} \quad 2$$

Where, Z is the control variables, X is the explanatory variables. In determining whether Difference or System GMM is more suitable for estimation, this dissertation follows Bond's (2001) rule of thumb: (i) Initially estimate the autoregressive model using the pooled OLS fixed effect approach. (ii) Consider the pooled OLS estimate for φ as the upper-bound estimate and the corresponding fixed effect estimate as the lower-bound estimate. (iii) If the Difference GMM estimate is close to or below the fixed effect estimate, it suggests downward bias due to weak instrumentation. In such cases, the System GMM estimator is preferred instead.

The validity of the instruments specified in the estimation process using the system GMM approach were tested using the Sargan test of over-identifying restrictions. The Sargan test is used to check whether the instruments are truly exogenous which assumes that the residuals are uncorrelated with the set of exogenous variables. It is asymptotically distributed as chi square (X2) and tests the null hypothesis that the instruments are valid. The null hypothesis can only be rejected if the p-value of the chi-square is less

than 0.1 or 0.05. Therefore, a model with valid or exogenous instruments would have a higher p -value of the Sargan statistic.

RESULTS AND DISCUSSION

Pre-estimation Tests

Table 1 provides descriptive statistics for the study's dependent and independent variables. Corporate Social Responsibility (CSR) ranges from 0.31231 to 0.9234, with a mean of 0.6890 and standard deviation of 0.0991, indicating the variability of CSR investment. Return on assets (ROA) averages 1.7185 with a standard deviation of 2.7350, showcasing wide dispersion around the mean. Return on equity (ROE) averages 0.4058, with a standard deviation of 0.1412, indicating substantial data dispersion around the mean, at 14.12%. Table 1 reveals that the mean earnings per share (EPS) for listed deposit money banks is 0.2674, with a standard deviation of 0.7131. The minimum EPS value is 0, and the maximum is 5, showing substantial dispersion around the mean. Additionally, Regulatory Capital Adequacy ranges from 0.12 to 1.16, with a mean of 0.8451 and a standard deviation of 0.0933, indicating variability in regulatory capital adequacy. Table 2 presents correlation coefficients, showing no significant correlations, which mitigates multicollinearity concerns and ensures model stability.

Table 1 Summary Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
*ln*ROA	130	1.7185	2.7350	-10.52	17.47
*ln*ROE	130	0.4058	0.1412	0.001	0.812
*ln*EPS	130	0.2674	0.7131	0.001	5
*ln*CSR	130	0.6890	0.0991	0.31231	0.9234
*ln*RCA	130	0.8451	0.0933	0.12	1.16
*ln*LQD	130	1.275933	0.565775	-0.16252	2.275214

Source: Author's Computation

Hypothesis Testing

The collected data underwent meticulous scrutiny for errors before being inputted into the computer. Descriptive statistics, including mean and standard deviation, were utilized for analysis. Stata Version 15 processed the data to derive results for the panel regression model established earlier. The decision to employ panel regression was influenced by study conducted by Ng (2011), Bougatef and Mgadmi (2016), and Adeghe et al. (2019) due to similarities in the study. Following Bond's (2001) rule of Thumb, the researcher opted for the most suitable generalized method of moments (GMM) technique, choosing between difference and system GMM. Pooled OLS was initially used to estimate the autoregressive model for the coefficient of the lagged dependent variable (φ), with results reported in appendices II and III. Table 3 summarizes the estimated coefficient of the lagged dependent variable.

Table 2 Correlation Matrix

Variables	lnROA	lnROE	lnEPS	lnCSR	lnRCA	lnLQD
*ln*ROA	1					
*ln*ROE	0.719	1				
*ln*EPS	0.994	0.00147	1			
lnCSR	-0.530	-0.227	-0.296	1		
lnRCA	-0.193	-0.0255	-0.156	0.535***	1	
lnLQD	-0.151	0.0436	-0.0790	-0.205*	0.359***	1

Furthermore, both One-Step Difference and Two-Step Difference GMM were evaluated, alongside One-Step System and Two-Step System GMM, with results detailed in appendices II and III, respectively. However, the analysis favoured one-step System GMM due to higher coefficients compared to other models. Notably, both one-step Difference and Two-step Difference GMM fell short of meeting criteria, suggesting a preference for one-step System GMM. This decision was reinforced by Table 3, which showed higher coefficients for one-step System GMM. Autocorrelation and Sargan tests were conducted to validate internal instruments in the SGMM technique, ensuring non-over-identification.

The instrument ratio surpassed 1 in all cases, affirming the instruments' efficiency as per Roodman (2007) and Asiedu and Lien (2011).

Assessment of the plausibility of the hypotheses was carried out on the available data, using the GMM panel model regression. One-step system GMM was favoured due to its consistency in both models. Though, the estimation has highlighted three dependent variables; in the first instance, earning per share (EPS) as measure of performance, this research also adopted the return on Equity (ROE) to validate the result and return on assets (ROA) check for robustness. The results are shown in Table 3 for both EPS and ROA model. The level of significance is limited to ten per cent in this regression analysis.

Table 3 Summary: Difference or System GMM

ESTIMATORS	Coefficients (of L.*ln*ROA)
Pooled OLS	0.500
Fixed Effects	0.0396
One-Step Diff. GMM	-0.0481
Two-Step Diff. GMM	0.0281
One-Step Syst. GMM	0.360
Two-Step Syst. GMM	0.294

Source: Author's estimation (2024) (See appendices I, II & III)

Ho_1: There is no significant relationship between corporate social responsibility expenditure and return on assets of quoted deposit money banks in Nigeria.

The first equation assesses the null hypothesis (H01) regarding the relationship between corporate social responsibility (CSR) expenditure and return on assets (ROA) of quoted deposit money banks in Nigeria. Contrary to the null hypothesis, the panel regression coefficient for CSR is 0.0161, indicating a positive impact on ROA. This suggests that a percentage increase in CSR expenditure leads to a 1.61% increase in financial performance measured by ROA. Furthermore, the p-value for CSR is less than 0.05, signifying statistical significance at the five percent level. Thus, the null hypothesis is rejected, indicating a significant relationship between CSR expenditure and ROA. This finding is supported by prior studies such as Nuryaman (2013), Abdulazeez and Monsuru (2014), Tsoutsoura (2004), and Flammer (2013), which collectively suggest a positive association between CSR and financial performance across various industries and contexts. These studies underscore the notion that CSR initiatives contribute positively to financial performance, particularly in enhancing ROA, thereby providing bottom-line benefits to organizations.

Table 4 Estimation of the Impact of Corporate Social Responsibility on Financial Performance (One-Step System GMM)

(1)	(2)	(3)	(4)
VARIABLES	*Ln*ROA	*ln*ROE	*ln*EPS
*ln*D	0.375**	0.625**	0.445**
	(0.172)	(0.567)	(0.382)
*ln*CSR	0.0161**	0.0397**	0.0246**
	(0.0378)	(0.0725)	(0.222)
*ln*RCA	0.127*	0.127*	0.127*
	(0.071)	(0.0713)	(0.071)
*ln*LQD	0.0432	0.0432	0.0432
	(0.0338)	(0.034)	(0.0338)
Constant	0.22	0.121	0.102
	(0.139)	(0.142)	(0.133)
AR(1)	0.015	0.015	0.015
AR(2)	0.400	0.400	0.400

Sagan Test	0.000	0.000	0.000
Hansen Test	0.427	0.357	0.427
Observations	130	130	130
Instruments (i)	11	11	12
Number of Panel (n)	13	13	13
Instrumental Ratio (n/i)	1.182	1.182	1.083

Robust options used; t-statistics in parentheses; *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$ indicate significance at 1%, 5% and 10% respectively. All the independent variables were used as instruments. Estimations are done using xtabond2 routine in Stata 15

Ho_2: There is no significant relationship between corporate social responsibility expenditure and return on equity of quoted deposit money banks in Nigeria.

The second equation evaluates the null hypothesis (H02) that there is no significant relationship between corporate social responsibility (CSR) expenditure and return on equity (ROE) of quoted deposit money banks in Nigeria. Contrary to the null hypothesis, the GMM panel regression coefficient for CSR is 0.0397, indicating a positive impact on banks' ROE performance. This implies that a percentage increase in CSR expenditure leads to a 3.97% increase in ROE performance. The result is statistically significant at the five percent level, leading to the rejection of the null hypothesis. Consequently, it can be concluded that there is an observed positive relationship between CSR and banks' ROE. This finding aligns with prior studies such as Malik and Nadeem (2014), which indicated a positive but insignificant relationship between CSR and financial performance among Pakistani banks. Additionally, Abdulazeez and Monsuru (2014) found that CSR disclosure positively affected bank profitability in Nigeria. Similarly, Ajide and Aderemi (2014) demonstrated that CSR activities influenced banks' ROE in Nigeria. These findings collectively support the notion that CSR contributes positively to banks' financial performance, particularly in enhancing ROE.

Ho_3: Corporate social responsibility has no significant effect on Earning per Share (EPS) of quoted deposit money banks in Nigeria.

The third equation examines the null hypothesis that "Corporate social responsibility has no significant effect on Earnings per Share (EPS) of quoted deposit money banks in Nigeria." Contrary to the null hypothesis, the panel regression coefficient for corporate social responsibility (CSR) is 0.0246, indicating a positive impact on the banks' earnings per share (EPS) as a measure of performance. This implies that a percentage increase in CSR expenditure leads to a 2.46% increase in financial performance, as evidenced by EPS. The result is statistically significant at the five percent level, suggesting that CSR not only enhances EPS but also boosts return on assets. Consequently, the null hypothesis is rejected, indicating a significant and generalizable impact of CSR on banks' EPS performance. This underscores the robustness of CSR's positive influence on banks' performance across different proxies, making it sufficient for generalization. Notably, this innovation in considering EPS as a performance measure emphasizes the unexplored potential of CSR in enhancing financial performance.

CONCLUSION AND RECOMMENDATIONS

Based on the discussion and analysis, this study concludes that corporate social responsibility (CSR) has a statistically significant positive impact on financial performance in quoted Nigerian banks. The findings reveal a consistent positive relationship between CSR expenditure and return on assets, return on equity (ROE), and earnings per share (EPS). With increases in CSR spending, banks can expect corresponding improvements in financial performance, validating the anticipated outcomes. Thus, CSR initiatives positively affect financial metrics across the board in Nigerian banks.

The study recommends Nigerian quoted deposit money banks to enhance public awareness of CSR activities to foster legitimacy and inspire greater participation. It advocates for extending CSR efforts to rural areas to address basic needs and improve return on equity, prioritizing impactful financial metrics

over return on assets. This ensures efficient resource allocation for initiatives benefiting both financial performance and societal welfare.

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