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# Effects of Corporate Social Responsibility on Capital Market and Firm Performance

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**ABSTRACT:** *This study examines the relationship between corporate social responsibility in the Capital market and the firm performance of quoted companies in Nigeria with Seplat Energy Plc as a case study. The study made use of an ex-post facto research design. This research adopted the annual reports of Seplat Energy Plc covering the period of 2014-2020. CSR was measured using the donations made by the company, while financial performance was measured using net profit margin, return on equity, and return on assets. Data were analysed using simple linear regression analysis with the aid of SPSS version 25. It was discovered that CSR has a negative and insignificant effect on NPM, positive but insignificant effect on ROE, positive but insignificant effect on ROA, positive but insignificant effect on SP. It was recommended that Nigerian corporate organisations establish a social responsibility unit to ensure that organisation responsive to social responsibility aligns with international best practice. Also, the government must establish an agency to monitor corporate organisations' social responsibility to oversee CSR policy compliance and prosecute socially irresponsible organisations.*

**KEYWORDS:** capital market, corporate social responsibility, firm performance, return on equity, net profit margin

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## INTRODUCTION

Corporate Social Responsibility (often known as "CSR") activities go beyond simple charitable efforts to serve as tools for increasing a company's reputation with the general public, pacifying essential stakeholders, and enhancing financial performance. Islam (2012) argues that business has changed from being about making money to doing good for others and that companies now have to answer to both their shareholders and stakeholders. According to Nicolau (2008),

socially conscious businesses reconcile stakeholder needs with financial objectives while considering a range of environmental impacts.

Making a profit is every company's priority. The typical perception is that this purpose comes at the price of the organisation's other non-financial goals. In a world that is changing swiftly, businesses today understand how important it is to be socially and environmentally sensitive to remain profitable. The concept of corporate social responsibility (CSR) stems from the belief that firms should advance the interests of all parties involved and maximise shareholder returns. According to the World Business Council on Sustainability Development (1998), CSR is the continual commitment of a company to act morally, promote economic development, and improve the lives of employees and their families, as well as the local community and society at large. In contrast to the past, when corporations were only seen as profit-maximising entities, businesses are now understood to have obligations to both their direct owners, such as shareholders and debt holders, as well as stakeholders. (Manescu and Starica, 2008). According to Ajide and Aderemi (2014), organizations and societies in Nigeria are becoming more concerned with CSR. Therefore, it is crucial to create a solid system that considers all stakeholders' interests to measure business success concerning CSR. Most scholars have classified this system as CSR Disclosure. In addition to assisting businesses in identifying their social, environmental, and economic responsibilities, CSR Disclosure will introduce a systematic, scientific methodology for measuring and benchmarking CSR activities. This methodology will make it easier for stakeholders to determine which specific factors, in particular, effectively fulfil these responsibilities transparently and accountable.

While some studies (Olayinka and Temitope 2011; Amole, Adebisi, and Awolaja 2012) demonstrate a positive correlation between corporate profitability and CSR spending, other studies (Bessong and Tapang 2012) show a negative correlation between the two. As a result, a company must recognize the environmental issues that affect its operations (Babalola, 2013). It suggests that a business must seek social audit by scanning the area in which it operates and identifying the occupants' demands to adequately meet them if it is to continue operations and enjoy the patronage and loyalty of its consumers. As a result, this study identifies CSR initiative assessment criteria that reflect and represent stakeholder preferences and may be used to determine how effectively CSR initiatives perform concerning their own set goals. The study further explores how CSR would affect businesses' financial success. However, this study is limited to Seplat Energy Plc.

### **Objective of the Study**

The objectives are to:

- i. Determine the effect of Corporate Social Responsibility disclosure on Net Profit Margin of Seplat Energy Plc
- ii. Examine the effect of Corporate Social Responsibility disclosure on Return on Equity of Seplat Energy Plc.

### **Statement of Hypothesis**

The hypotheses for this study are stated as follows in null form:

H0<sub>1</sub>: Corporate Social Responsibility disclosure has no significant effect on Net Profit Margin of Seplat Energy Plc.

H0<sub>2</sub>: Corporate Social Responsibility disclosure has no significant effect on Return on Equity of Seplat Energy Plc.

## LITERATURE REVIEW

### **The Concept of Corporate Social Responsibility (CSR)**

The concept of CSR was not known clearly in the first half of the twentieth century when corporations were trying to maximize their profits by all means (Dabbas and Al-rewashed, 2012). According to Alkababji (2014), CSR emerged due to the globalization and expansion of the economy, which produced multinational corporations with economic clout more significant than the gross domestic product of numerous tiny or developing nations.

As a result, commercial operations now have a greater impact on society than ever before. In addition, society is increasingly expecting businesses to assume responsibility for areas like environmental protection, employment, safety, and local community development that were previously primarily the province of national governments (Alkababji, 2014). This is because a severe financial crisis has recently hit many developed countries.

In general, CSR refers to the practice of businesses incorporating the values of social justice and environmental sustainability into daily operations while also taking into account the interests of a wide range of corporate stakeholders, including shareholders, employees, suppliers, customers, the government, and the local community (Alkababji, 2014). By Carroll and Buchholtz (2003), "economic, legal, ethical, and discretionary expectations that society has of organizations at a given time" is how they define corporate social responsibility. "CSR is a term describing a company's obligation to be accountable to all of its stakeholders in all of its operations and activities," asserts Macmillan (2005), as referenced in Adeyanju (2012). "CSR is a phrase used to describe a company's duty to hold all its stakeholders accountable for its operations and activities. When making decisions, socially conscious businesses will balance the needs of stakeholders with the requirement to turn a profit, taking into account the full extent of their influence on communities and the environment. According to Mahbuba and Farzana (2013), corporate social responsibility (CSR) or "corporate citizenship" might entail a corporation spending short-term costs that don't immediately help the business financially but instead work to advance social and environmental change. According to Buchholz (1991) and Adeyanju (2012), who emphasized the ecological view of social responsibility, any accurate definition of social duty must include at least some of the following. Responsibility that:

- i. Goes beyond simply producing goods and services at a profit;  
It goes beyond the production of goods and services at a profit;
- ii. Assists in resolving significant social issues that the organization is accountable for creating;
- iii. Makes corporations have a larger constituency than stockholders alone;
- iv. Makes corporations have significant impacts beyond marketplace transactions, and

v. Makes corporations serve a broader range of human values than can be captured by a sole focus on value.

There have been several attempts to quantify social responsibility, but the outcomes could be more consistent. It is probably because determining what should be measured is challenging. For measurement purposes, CSR was classified as follows (Boones, 1984): Community Projects: Those in which the corporation had a significant impact or generously supported. Among them are local earth programs, student and social activities, youth activities, civic and cultural programs, and youth activities. Contributions made to federation drives, educational initiatives, civic and urban concerns, and cultural endeavours; Equal job opportunities: These must include women and members of underrepresented groups; The existence of rules or procedures aimed at energy conservation is what is meant by environmental concerns and energy conservation. In order to promote individual involvement and public service, the measure of voluntarism is based on the number of hours that volunteers contribute. Social investments are those that the corporation would not have made based on its standard lending requirements or those where social considerations were paramount.

Organizations with a CSR focus would actively advance the public interest by fostering community growth and development while making investment decisions. Organizations benefit from having a beneficial impact on society since it benefits them personally as well. It is relevant not just in terms of profitability but also in terms of how employees think and the state of the economy (Okeudo, 2012).

### **Concept of Financial Performance**

Financial Performance is a broad indicator of a company's long-term financial stability. Performance can also refer to any acknowledged success or the execution of predetermined objectives. Therefore, a successful organisation accomplishes its objectives and effectively implements appropriate tactics (Nsijilem, 2015).

An entity's corporate performance can be assessed using profitability, leverage, solvency, etc. Ratio and trend analysis are two methods that can be used to gauge an entity's performance. According to Frank and Sangster (2008), financial statement data is set up so interested parties can infer reasonable conclusions about the reporting organisation's financial health and performance. They also pointed out that ratio analysis is the first stage in evaluating a particular organisation's financial performance and position.

According to Ezirim and Nwakama (2004), the profitability of any given business, which is determined by sales, assets, and equity investment, is of utmost importance to practically all stakeholders. The profitability metric of a business indicates if it functions satisfactorily. Indicators of profitability, together with other metrics, can be used to assess managerial success. Thus, this establishes the company's viability.

### **Measurement of Capital Market and Firm's Performance**

A company's performance is a complicated, multifaceted (Ress & Robinson, 2004). Following the idea of double-loop learning, prior research suggested that managers could develop strategy and question their perceptions and assumptions about their organizations with the help of a firm's performance measurement, which also gave managers a way to control the difference between expectations and results (Neely & Najjar, 2006).

The company's profitability and stock performance on the capital market are the main factors in the firm's performance. Accounting-oriented measurements and market-oriented measures are the categories into which firm performance measures fall. Comparing accounting-based measurement to the benchmark rate of return equal to the risk-adjusted weighted average cost of capital is an excellent way to gauge the profitability and overall health of the organization. The following are only a few of the accounting-based measurement indicators of businesses' profitability:

**Profits Margin (PM):** Profit after tax is divided by either turnover or net sales to determine profit margin. Its primary function is to advise users of how much profit sales can produce. Because the profit for the period is compared to the sales for the current period, this accounting-based performance indicator can be described as forward-looking. **ROA (Return on Assets):** It is frequently calculated by dividing Profit after Tax by Asset Total. Alternatively, divide total assets by Earnings before Interest and Tax to find it. It provides insight into how well management uses its resources to produce profits.

**Return on Equity (ROE):** Profit is divided by equity to produce the measurement. Return on equity, which reveals how much profit a company makes with the money shareholders have invested, gauges a corporation's profitability. Because it includes both equity, which is based on the market, and profit, which is accounting-based, it is frequently seen as a hybrid measure of firm performance.

**Return on Capital Employed (ROCE):** This ratio is usually used as a primary indicator of a company's profitability. It is defined as the owners' equity plus the company's long-term debt. It is typically defined as the owners' equity plus the company's long-term debt. Consequently, it considers the effectiveness of the business as a whole. Additionally, ROCE is a crucial gauge of management effectiveness since it compares the company's net profit to the entire value of its current and fixed assets.

**Share Price (SP):** The price at which one share of a corporation would be purchased is known as the share price or stock price. A share's price is not constant; it changes over time in response to market factors. According to Stickney et al., the market price for a common equity share is a particularly unique and illuminating figure since it reflects the collective expectations of all market participants of that share. The outcome of the market's trading activity in that stock is reflected in the market price. It provides an overview of the market players' collective knowledge of the company and their collective expectations for its future profitability and growth (Stickney et al., 2007).

Price-to-Earning (P/E)s Ratio gauges the market's confidence in a company's shares. Since analysts can easily see the price per share and historical earnings per share for most companies, the standard method of calculating the ratio (by dividing the market price by earnings per share) makes sense.

Market-to-Book (MB): The ratio has been employed as a ratio by certain researchers to gauge market performance. According to Stickney et al. (2007), the ratio can be computed by dividing the market value of common equity held by the company at a given moment in time by the book value of common shareholders' equity from the most recent statement of the company's financial status.

The value that would be attributable to each ordinary share if the firm's assets and liabilities were sold or resolved at the amounts depicted in the published statement of financial position is known as the book value of an ordinary share. Reports and newspapers make determining the market value per share (the share price) simple.

Cash Flow per Share: The cash (i.e., profit) generated for each share of the company is examined by this ratio in order to pay for capital expenditures and cash dividends (Bernstein, 1993). Cash from operational operations is further divided by the total number of issued ordinary shares to get cash flow per share.

The ratio evaluates a company's efforts to make long-term purchases that will improve its ability to conduct business. A high or rising cash flow to capital expenditure ratio is typically a good sign, showing that the business has the financial flexibility to invest in itself and improve its infrastructure, equipment, and operational procedures.

As a result, the market ratios described above show how well a company is doing to the price of its shares and other relevant factors, such as dividends and the number of shares in circulation. The three popular market-based approach ratios are the price-to-earnings ratio, market-to-book ratio, and cash flow per share ratio.

### **Stakeholder Theory**

Stakeholder theory is a very fundamental CSR theory. According to Freeman's stakeholder theory, managers must appease a range of stakeholders (such as employees, clients, suppliers, and local community organizations) who have the power to affect how well a company performs. This point of view contends that managers must concentrate on more than just the requirements of the corporation's owners or stockholders. According to stakeholder theory, a company may benefit from participating in specific CSR initiatives that non-financial stakeholders deem significant because, otherwise, they may stop supporting the company (McWilliams & Siegel, 2000). According to the traditional perspective on a corporation, known as the shareholder view, the shareholders or stockholders are the actual owners of the business, and as such, the company has a legal duty to prioritize meeting their wants and maximizing their worth. Stakeholder theory contends that additional parties are involved, such as governmental organizations, political parties, business associations, labour unions, local

communities, financiers, suppliers, employees, and clients. Even rivals may occasionally be considered stakeholders because of their potential to impact the firm and its other stakeholders. Over time, the idea has changed and developed (Fontaine et al., 2006). Freeman (2004), following Fontaine, Haarman, and Schmid (2006), defines stakeholders as "those groups who are vital to the survival and success of the corporation" in one of his most recent formulations. He states, "Stakeholders may bring an action against the directors for failure to perform the required duty of care" (Freeman, 2004).

## METHODOLOGY

An Ex-Post Facto Design or Causal Comparative Design would adopt because it was obtained from the annual report of listed oil and gas in the Nigerian Stock Exchange. According to Nwaankwu (2011), an ex-post facto design involves gathering and analyzing data about several variables looking back or about variables already in place without influencing any of them. The population sample was chosen from studying the annual report of Seplat Energy Plc for seven (7) years from 2014-2020. Panel data, time series etc. This research utilized secondary data. The data sources include annual reports and accounts of the company selected for this study. Other sources include fact books and the internet.

## RESULT

The researcher made use of Microsoft Excel in the presentation of the data and computed the values of dependent variables-Net Profit Margin (NPM), Return on Equity (ROE), Return on Assets (ROA) and Share Price (SP), independent variable-Corporate Social Responsibility Donation (CSR); and control variable- Total Asset (a proxy for firm size).

**Table 1:** Processed data for variables

Year	Independent Variable		Dependent Variable			
	CSRE (N'm)	TA (N'm)	NPM (%)	ROE (%)	ROA (%)	SP (N)
2014	0.29	444	0.32	0.16	0.1	366
2015	0.42	545	0.12	0.05	0.02	204
2016	0.37	665	-1.72	-1.12	-1.07	377
2017	1.05	800	0.59	0.18	0.1	606
2018	1.22	767	0.2	0.09	0.06	640
2019	0.73	1004	0.4	0.15	0.08	610
2020	1.58	1311	-1.16	-1.04	-1.02	402

Source: Annual Reports 2014-2020

From the data in table 1 above, the mean, standard deviation and variance which form the descriptive statistics for both the dependent and the independent variables is computed with the aid of SPSS. The result of the computation is presented below.

**Table 2:** Descriptive statistics of dependent and independent variables

Descriptive Statistics							
	N	Minimum	Maximum	Sum	Mean	Std. Deviation	Variance
CSR	7	.29	1.58	5.66	.8086	.49008	.240
Total Asset	7	444.00	1311.00	5536.00	790.8571	292.46848	85537.810
Net Profit Margin	7	-1.72	.59	-1.25	-.1786	.88935	.791
Return On Equity	7	-1.12	.18	-1.53	-.2186	.59058	.349
Return On Asset	7	-1.07	.10	-1.73	-.2471	.54592	.298
Share Price	7	204	640	3205	457.86	163.712	26801.476
Valid N (listwise)	7						

**Source:** SPSS Output file (v25).

Table 2 shows the descriptive statistics of corporate social responsibility donations and those of NPM, ROE, ROA, and SP. The result shows that the mean of NPM is negative at 17.86%, with a high variability of 0.89. The mean Return on Equity is also a negative 21.86% with a standard deviation 0.59.

The result shows a mean Return on Assets of negative 24.71% and a deviation of 0.55. The SP of the sampled period shows a mean of N458 per share, which is widely varied, as shown by the standard deviation of 163.7.

Corporate social responsibility donation indicates a mean of 0.8, with variations among the mean of 0.49. Total asset, which measures the firm's size, shows a mean of 790.86 and a high variation from the mean of 292.47.

On the whole, there is an indication that the performance measures represented by NPM, ROE, and ROA all show negative values as their minimum. It shows that the firm had poor performance at one time or the other.

### Multi-collinearity Test

The problem of multi-collinearity among the independent variables was tested using tolerance and variance inflation factor (VIF). (Table 3). The test for multi-collinearity is one of the robustness tests carried out in this research. The Variance Inflation Factor (VIF) is used to test excessive correlation among variables which, in turn, produces evidence of the robustness of the model specified in this study. As a benchmark for diagnosing multi-collinearity, when the Variance Inflation Factor (VIF) of variables is above ten, or the Tolerance Value (TV) is less than 0.10, it indicates a strong presence of multi-collinearity.

The results showed that no independent variable has a tolerance value of <0.10. In this case, the tolerance value for each independent variable is 0.323, which is not less than 0.10. The VIF

value is 3.094, which is well below the cut-off of 10. So, there are no multi-collinearities between independent variables in the regression.

**Table 3: Multicollinearity Test Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.773	1.227		.630	.563		
	CRSD	.964	1.453	.531	.663	.543	.323	3.094
	TotalAsset	-.002	.002	-.720	-.899	.420	.323	3.094

**Source:** SPSS Output file (v25).

### Test of Research Hypothesis

In this section, the hypothesis stated in the null form is tested using a t-statistic. The critical or table values are compared with the computed t value to decide whether to reject or accept a hypothesis.

H<sub>0</sub><sub>1</sub>: Corporate Social Responsibility disclosure has no significant effect on Net Profit Margin of Seplat Energy Plc.

Multiple regression model based on SPSS version 25 was used to test the hypothesis. The data in table 1 for the independent variables were regressed on the data for net profit margin (NPM) aimed at establishing the effect of corporate social responsibility disclosure on NPM.

Decision Rule: The decision rule is to reject the null hypothesis if calculated t-value is greater than the tabulated t value.

**Table 4: Correlations of CSR and NPM**

		NPM	CSR	TotalAsset
NPM	Pearson Correlation	1	-.061	-.283
	Sig. (1-tailed)		.448	.269
	N	7	7	7
CSR	Pearson Correlation	-.061	1	.823*
	Sig. (1-tailed)	.448		.012
	N	7	7	7
TotalAsset	Pearson Correlation	-.283	.823*	1
	Sig. (1-tailed)	.269	.012	
	N	7	7	7

\*. Correlation is significant at the 0.05 level (1-tailed).

Source: SPSS Output file (v25)

Table 4 above shows the correlation between CSR donations and firm size with net profit margin. From the table, it is evident that the independent variables have a combined negative correlation on net profit margin with  $r = -0.061$  and  $-0.283$  for CSRDLn and SIZLn respectively.

**Table 5: Model Summary**

Model	R	R Square	Adjusted Square	RStd. Error of the Estimate
1	.414 <sup>a</sup>	.171	-.243	.99163

a. Predictors: (Constant), TotalAsset, CSRDLn

b. Dependent Variable: NPM

Source: SPSS Output file (v25)

From Table 5, known R value is 0.414 on the research model and coefficient of determination is -0.243 (i.e. Adjusted R Square). This suggests that the ability of the independent variables in explaining the dependent variable is equal to 41.4%. That is, 1% increase in the independent variable will lead to 41.4% increase in NPM. Still there is a 99.2% variance dependent variable that has not been able to be explained by the independent variables in the research model. In other words, 41.4% CSRDLn and SIZLn have an influence on NPM, while 99.2% are influenced by other factors outside of the variables studied.

The choice of Adjusted R Square in the interpretation is due to the fact that when a small sample is involved (in this case 7 samples), the R square value in the sample tends to be a rather optimistic over estimation of the true value in the population (Tabachnick & Fidell, 2001). The Adjusted R square statistic 'corrects' this value to provide a better estimate of the true population value.

**Table 6: Regression result for CSR indicators and NPM**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.773	1.227		.630	.563
	CSRDLn	.964	1.453	.531	.663	.543
	TotalAsset	-.002	.002	-.720	-.899	.420

a. Dependent Variable: NPM

The result in table 6 shows that for every 1% increase in corporate social responsibility donation while holding others constant, will increase NPM by 53.1%. On the other hand, an increase in total asset will reduce the NPM by 72%. This therefore implies that corporate social responsibility donation impacts the NPM positively while the size of the firm impacts NPM negatively.

**Decision:** Since the value of t-calculated of 0.663 and -0.899 for donation and size is less than the t-tabulated value of 1.833, the null hypothesis is accepted at 5% level of significance which implies that, Corporate Social Responsibility Donation has a positive ( $\beta$  0.531) and

insignificant (p-value  $0.543 > 0.005$ ) effect on net profit margin of the firm, while the size has a negative ( $\beta$ -0.720) but also insignificant (p-value  $0.420 > 0.005$ ) effect on NPM.

H01: CSR has no significant impact on NPM.

### Test result for Hypothesis 2

H0<sub>2</sub>: Corporate Social Responsibility disclosure has no significant effect on Return on Equity of Seplat Energy Plc. Multiple regression model based on SPSS version 25 was used to test the hypothesis. The data in table 1 for the independent variables were regressed on the data for return on equity (ROE) aimed at establishing the effect of corporate social responsibility disclosure on ROE.

Decision Rule: The decision rule is to reject the null hypothesis if calculated t-value is greater than the tabulated t value.

**Table 7:** Correlations of CSRD and ROE

### Correlations

		ReturnOnEquity	CSRD	TotalAsset
ReturnOnEquity	Pearson Correlation	1	-.199	-.421
	Sig. (1-tailed)		.335	.173
	N	7	7	7
CSRD	Pearson Correlation	-.199	1	.823*
	Sig. (1-tailed)	.335		.012
	N	7	7	7
TotalAsset	Pearson Correlation	-.421	.823*	1
	Sig. (1-tailed)	.173	.012	
	N	7	7	7

\*. Correlation is significant at the 0.05 level (1-tailed).

Source: SPSS Output file (v25)

Table 7 above shows the correlation between CSR donations and firm size with return on equity. From the table, it is evident that the independent variables have a combined negative correlation on return on equity with  $r = -0.199$  and  $-0.421$  for CSRDLn and SIZLn respectively.

**Table 8:** Model Summary

Model	R	R Square	Adjusted Square	RStd. Error of the Estimate
1	.495 <sup>a</sup>	.245	-.133	.62855

a. Predictors: (Constant), TotalAsset, CSRD

b. Dependent Variable: ReturnOnEquity

Source: SPSS Output file (v25)

From Table 8, known R value is 0.495 on the research model and coefficient of determination is -0.133 (i.e. Adjusted R Square). This suggests that the ability of the independent variables in explaining the dependent variable is equal to 49.5%. That is, 1% increase in the independent variable will lead to 49.5% increase in ROE. Still there is a 62.9% variance dependent variable

that has not been able to be explained by the independent variables in the research model. In other words, 49.5% CSRDLn and SIZLn have an influence on ROE, while 62.9% are influenced by other factors outside of the variables studied.

The choice of Adjusted R Square in the interpretation is due to the fact that when a small sample is involved (in this case 7 samples), the R square value in the sample tends to be a rather optimistic over estimation of the true value in the population (Tabachnick & Fidell, 2001). The Adjusted R square statistic 'corrects' this value to provide a better estimate of the true population value.

**Table 9:** Regression result for CSR indicators and ROE

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.609	.778		.783	.477
	CSR	.551	.921	.457	.598	.582
	TotalAsset	-.002	.002	-.797	-1.043	.356

b. Dependent Variable: ROE

The result in Table 9 shows that for every 1% increase in corporate social responsibility donation while holding others constant, will increase ROE by 45.7%. On the other hand, an increase in total asset will reduce the ROE by 79.7%. This therefore implies that corporate social responsibility donation impacts the ROE positively while the size of the firm impacts ROE negatively.

**Decision:** Since the value of t-calculated of 0.598 and -1.043 for donation and size is less than the t-tabulated value of 1.833, the null hypothesis is accepted at 5% level of significance which implies that, Corporate Social Responsibility Donation has a positive ( $\beta$  0.457) and insignificant ( $p$ -value  $0.582 > 0.005$ ) effect on net profit margin of the firm, while the size has a negative ( $\beta$ -0.797) but also insignificant ( $p$ -value  $0.356 > 0.005$ ) effect on ROE.

H02: CSR has no significant impact on ROE.

## CONCLUSION AND RECOMMENDATIONS

The study established that corporate organisations need to meet the demands and expectations of other stakeholders apart from company owners. The management of organisations needs to respond to the external environment's demands to achieve sustainable business success. The implication is that corporate organisations need society's support to grow and prosper. Likewise, society needs organisations' products, such as goods and services they produce and social amenities from corporate organisations. Based on the findings of this research, Nigerian companies recognise the importance of CSR. They are doing their obligations to the stakeholders, both internal and external, and to society. Based on the findings of this study, the following recommendations were made:

1. Nigerian corporate organisations need to establish social responsibility units. This unit duty should include informing the organisation's management, the government and other stakeholders about the organisation's social responsibility. The unit also needs to ensure that the organisation's responsiveness to social responsibility is in accordance with international best practices.
2. Also, the government needs to establish an agency that will monitor corporate organisations' social responsibility to oversee CSR policy compliance and prosecute socially irresponsible organisations.

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