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INVESTMENT IN CORPORATE SOCIAL RESPONSIBILITY AND PERFORMANCE OF QUOTED MANUFACTURING FIRMS IN NIGERIA

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ABSTRACT: *As a result of the dynamic and competitive global economy, which has consequence on performance, firms have embraced investment in corporate social responsibility as a corporate governance tool. This study investigated the impact of investment in corporate social responsibility on performance of quoted manufacturing firms in Nigeria. The study adopted the ex-post facto research design. A sample of twenty firms was selected from a population of fifty manufacturing firms quoted in the Nigerian Stock Exchange (NSE) as at 31st December, 2017. The sample was drawn using three sampling techniques – stratified, proportionate and random sampling technique. The data covering a period of ten years from 2008 to 2017 were sourced from published annual financial reports of the firms selected. The validity and reliability of the data was based on the statutory audit of all the financial statement by qualified auditors and approved by the regulatory authorities. The study adopted descriptive and inferential statistics for data analysis. The study revealed that investment in CSR has a positive and significant impact on employee productivity (Adj. R^2 = 0.3726; F-value = 6.6414; p-value = 0.0074). It further revealed that investment in CSR has positive but insignificant impact on profitability (Adj. R^2= -0.0181; F-value=0.8304; p-value = 0.4528). The study concluded that manufacturing firms in Nigeria do not view investment in CSR as a strategic tool to improve performance but employed to achieve other corporate objective(s). The study recommended that manufacturing firms in Nigeria should not treat investment in CSR as an optional activity rather it should be integrated as a long-term business strategy.*

KEYWORDS: Investment, Corporate Social Responsibility, Performance, Quoted Manufacturing, Nigeria

INTRODUCTION

The globalization of world economy has impacted nearly every aspect of modern life including business organization. Consequently, manufacturing firms now operate in a more competitive and dynamic market environment such that the production of quality products at affordable prices no longer guarantees financial success. The global market coupled with the revolution in information technology has brought these firms under tight scrutiny from different stakeholders including employees, investors, suppliers, creditors, customers, regulatory agencies, non-governmental organizations, mass media and the society at large. The intensity of the pressures from the stakeholders and increased competition locally and internationally has its implication on the performance of the firm.

While firms have utilized their internal strength to achieve an increased level of performance, there is also need to manage the opportunities in the external environment and ensure they give back to the society they belong (Adeneye & Ahmed, 2015). The search for improvement of performance has made various firms to place their sight on corporate social responsibility (hereafter called CSR). Ologeh, Olorunfemi and Oluwatosin (2014) defined CSR as a concept whereby organizations consider the interests of society by taking responsibility for the impact of their activities on customers, suppliers, staff, shareholders, communities and the environment in all aspects of their operations. This definition implies that beyond the primary objective of the firm, the firm has a sense of obligation and accountability of her various stakeholders.

Togun and Nasieku (2015) observed that firms that invest in CSR are motivated by a number of other factors such as better corporate image, marketing and advertising strategy, employee satisfaction and fulfillment, improve competitive advantages, productivity, business opportunities and organizational values. By the same token, CSR as a strategy if employed effectively help business in minimizing the conflicts and maximizing cooperation and benefits from different stakeholders in the business environment by strengthening its relationship with these stakeholders. Among the several issues with investment in CSR, its impact on performance of firms is still worrisome. Despite the numerous studies on the impact of investment in CSR on performance, there are still inconsistent research results.

McWilliams and Siegel (2000) observed that these studies on CSR suffer from several important theoretical and empirical limitations, which sometimes use models that are misspecified in the sense that they omit variables that have been shown to be important determinants of performance of firms. The implication of this situation is that managers may withdraw from investing in CSR activities for the fear that it will undermine their performance, thus creating unnecessary social and environmental harm (Peloza, 2009). Also, firms might over invest in CSR activities relying on popular sentiment from the society thereby destroying shareholders value.

Statement of the Problem

The overall problem that necessitates this study is the prevailing fluctuation in performance of manufacturing firms in Nigeria which is a threat to the survival of players in the manufacturing industry. Onodje (2014) assert that the fluctuation in performance of manufacturing firms is experienced under different conditions since the early period of 1980s. In spite of continuous policy strategies to improve performance in the manufacturing sector, most Nigerian manufacturing enterprises have remained unattractive because of the non-competiveness in the international market, globalization, high competition and emerging markets.

Investment in CSR practice is considered as a business investment strategy that can be employed to improve the relationship between a firm and her various stakeholders, which will ultimately transcend to a sustained performance of the firm (Afza, Ehsan & Nasar, 2015)

The problem then arises on how managers of manufacturing firms could be encouraged to pay more attention to invest in CSR initiatives in order to impact positively on their performance. It is against this back drop that this study investigated the impact of investment in CSR on performance of manufacturing firms quoted in Nigeria.

Objectives of the Study

The main objective of this study is to investigate the impact of investment in CSR on performance of quoted manufacturing firms in Nigeria. The specific objectives of the study were to:

i. determine the impact of investment in CSR on employee productivity of quoted manufacturing firms in Nigeria.

ii. ascertain the impact of investment in CSR on Profitability of quoted manufacturing firms in Nigeria.

Hypotheses of the Study

To guide this study the following hypotheses were tested:

Ho_1: Investment in CSR has no significant impact on employee productivity of quoted manufacturing firms in Nigeria.

Ho_2: Investment in CSR does not have any significant impact on Profitability of quoted manufacturing firms in Nigeria.

LITERATURE REVIEW

This section is concerned with the review of related literature on the impact of investment in CSR on performance of manufacturing firms. The section is structured into conceptual review, theoretical framework and empirical review.

Conceptual Review

This sub-section is aimed divided into investment in CSR and performance of manufacturing firms.

Corporate Social Responsibility

CSR has been conceptualized differently by different scholars and institutions according to the orientation, values and expectations of the various stakeholders. The World Business Council on Sustainable Development (WBCSD, 1999) defined CSR as the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large. This definition raises ethical concern for integrating social and environmental aspects and contributing to sustainable economic development in the business. The definition considered CSR as an important element of sustainable development. Sustainable Development is the development that "meets the needs of the present without compromising the ability of future generations to meet their own needs" (WBCSD 1999).

Ologeh, *et al.* (2014) defined CSR as a concept whereby organizations consider the interests of society by taking responsibility for the impact of their activities on customers, suppliers, staff, shareholders, communities and the environment in all aspects of their operations. This definition implies that beyond the primary objective of the firm, the firm has a sense of obligation and accountability to her various stakeholders. Caroll (1991) provided a comprehensive conceptual framework for describing the key aspect of CSR. He described CSR as a construct that "encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time" (Caroll, 1991). The CSR constructs is important to both the firm and the society as a whole, hence, the firm must strive to achieve the economic, legal, ethical and philanthropic constructs (Caroll, 1991).

Caroll (1991) explained that the economic responsibility is the most fundamental and important responsibility of a firm which reflects the nature and the importance of the company as a profit-making organization. The legal responsibility focuses on the ability of firms to comply with the rules and regulations of the society. The firm must obey laws of the land and work within the legal framework of the society (Radwan, 2015). Ethical responsibility is concerned with standards, behavior, criteria that reflect both the company's concern for justice system among employees, customer, local community and the moral spirit of respect and protection of the interest of its stakeholders. Ethical CSR issues are beyond the regulatory or contractual compliance. On the other hand, philanthropic responsibility involves actions that the society expects from the firm. It implies that the firm should add to and support the wider community and improve the quality of the society.

Investment in CSR

In today's competitive and dynamic global business environment, firms have come to the realization that the pursuit of the traditional corporate objective of maximization of profit at any cost is no longer beneficial to their businesses and it also does not improve competitive advantage. A greater percentage of firms believe that the development of a CSR strategy could deliver real business benefit (Togun & Nasieku, 2015). Investment in CSR initiatives in areas such as donation to charities, sponsorship of community projects and adopting environment friendly production, seems as an expense but in fact, it is an investment whose benefits are realized in long term in terms of no labour problems and customer preference of the firm and its products.

Porter and Kramer (2006) argued that investment in CSR is about value creation and not just philanthropic donations. This implies that every business firm can employ CSR strategy and create share value for her various stakeholders. Investment decision focused on how CSR would proactively promote the public interest by encouraging community growth and development. It Firms with CSR commitment can reduce employee turnover, recruitment and training cost by attracting and retaining her employees. Togun and Nasieku (2015) observed that firms that invest in CSR are motivated by a number of other factors such as better corporate image, marketing and advertising strategy, employee satisfaction and fulfillment; improve competitive advantages, productivity and business opportunities and organizational values.

Based on the foregoing, the study conceptualized investment in CSR adopting the philanthropic responsibility from the Caroll's 1991 model of CSR. The philanthropic responsibility is the highest level of CSR and it is measured in terms of various practices which include charitable donations to the society, assistant provided to employees, voluntary participants in charitable activities provided by the community and assistance provided by the firm to the projects that enhances the quality of life (Radwan, 2015). The philanthropic responsibility in this study will cover donation and other related cost/expenses as well as employee welfare and other related expenses.

Performance

Performance has been viewed from various perspectives depending on the objectives and expectations of the users of information generated (Owolabi, 2018). Mohamud (2018) defined performance as a measure of the position of a company over a specified time period to know how efficiently a company is using its resources to generate income. It discloses the organization’s ability to continually remain in business to meet the goals of the various stakeholders. Thus, the performance of the firm has implication for the firm’s health and ultimately its long-term survival. Owolabi (2018) argued that the continuing existence of an organization depends largely on its performance and the going concern concept depends immensely on profitability, adequacy of technical skills and sustenance of major sources of activity. High performance reflects management effectiveness and efficiency in utilization of the firm’s resources, which has implication for the general economy of the nation.

Isanzu and Fengju (2016) described firm performance as a subjective evaluation of how well a firm can use assets from its primary mode of business and generate revenues. This definition implies that performance is a relative term and it explains why we have various measures of performance. Generally, performance is also used as a general measure of a firm's overall health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. Notwithstanding the perspective/definition of performance, something is common to all the perspectives/definition. That is, it is a relationship between input and output with an objective to be achieved (Owolabi, 2018). In this study, performance is referred to as employee productivity and profitability of firms.

Employee productivity is concerned with the specific output expected of an employee relative to the resources spent on the employee. It can be accessed on the basis of output of the employee in a given period of time. Employee productivity as a measure of performance is of interest from diverse perspectives. From the industry perspective, employee productivity is seen as one of the several factors that contribute to the success of the business. From the individual work perspective, there is need to measure the individual employee productivity in order to ascertain the impact of a condition on the employee ability to work.

Profitability on the other hand is the primary goal of a business firm. Owolabi and Obida (2012) described profitability as the ability to make profit from the activities of organization, company, firm or an enterprise. It measures the efficiency of the management of a firm in the utilization of the resources in order to increase value of the firm. It shows the relationship between income and asset which reveals the relative ability of the firm to earn income on its assets.

Theoretical Framework

The study was anchored on the stakeholder theory. The stakeholder theory provided a solid framework for achieving the objectives of the study. The stakeholder theory is a theory of organizational management and business ethics that addresses moral and values in managing organizations (Akinleye & Adedayo, 2017). The theory was propounded in 1984 by Dr. F. Edward Freeman, in his landmark book, Strategic Management: A stakeholder Approach. Freeman (1984) defined stakeholder in an organization as any group or individual who can affect or is affected by the achievement of the organization's objectives. The theory holds that a firm's stakeholders include anyone affected by the firm and its operation.

Generally, the literature on stakeholder theory reveals that the decisions of business organizations are a reflection of the various stakeholder groups. These stakeholders include shareholders, employees, management, creditors, suppliers, contractors, investors, regulatory and other government agencies, non-governmental organizations (NGOs), local communities and media groups. The various stakeholders are capable of influencing organizational performance of which managers must ensure that their demands are satisfied according to this theory (Osisoma, Nzewi and Paul, 2015). This is necessary to enable the organization to survive in the dynamic global business environment.

Empirical Review

There is rich literature on the impact of investment in CSR on performance with the result showing varying levels of impact. Sun and Yu (2015) examined the impact of CSR on employees' performance. The study revealed that there is a positive significant relationship between CSR and employee performance. This indicates that employees that work in a socially responsible firm will exhibit better operating performance in terms of sales per employee and net income per employee than their peers who work in less socially responsible firms (Sun & Yu, 2015). Radwan (2015) in investigating the impact of CSR on Employees in the Hotel Sector in Hurgada, Egypt, revealed that internal CSR variables have a significant positive relationship with employees' organizational commitment (Radwan, 2015). This implies that any increase and/or positive change to the tested internal CSR variables, the employees' organizational commitment will be increased. Radwan (2015) concluded that internal CSR could be used as an important driver for enhancing employee job engagement and organizational commitment.

Madichie, Nwekwo, & Nnadi, (2018) examined the effect of CSR on the performance of quoted oil and gas firms in Nigeria from 2012 to 2016. The study revealed that CSR has a positive and significant impact on the performance of Oil and Gas firms investigated. The study concluded that firms that are socially responsible continue to flourish, partly as a result of CSR activities yielding its return. Akinleye and Adedayo (2017) whom investigated the impact of CSR on the profitability of Multinational companies in Nigeria from 2010 to 2014, found a weak negative relationship between investment in CSR and profit after tax (PAT). This implies that the investment in CSR and PAT move in opposite direction, however, the degree of this movement was found to be weak. The study concluded that there is insignificant negative relationship between CSR and PAT of multinational companies in Nigeria (Akinleye & Adedayo, 2017). Onyeka and Nwankwo (2016) in assessing the impact of CSR on profitability of Nigerian manufacturing firms, revealed that CSR has positive and significant impact on net profit of manufacturing firms in Nigeria. This result implies that as the firms add to the welfare of the society, it affects the returns of the firms in terms of profit positively.

Justification for the Study

In spite of the rich scholarly works on the impact of investment in CSR on performance, the research finding is still inconclusive. Peloza (2009) observed that these studies have provided little guidance to managers on how they should measure the financial impacts of their CSR strategies. This study was designed to contribute to the large debate concerning the impact of investment in CSR on performance. It contributes to the growing literature on investigation of the variables.

METHODOLOGY

The study adopted the *ex-post facto* research design to investigate the impact of investment in CSR on performance. The population of the study consists of 50 manufacturing firms quoted on the Nigerian Stock Exchange (NSE) covering a period of ten (10) years ranging from 2008 – 2017. A sample of twenty manufacturing firms was drawn using three sampling techniques – stratified, proportionate and random sampling technique.

The research data was extracted from published annual financial reports and corporate websites of the selected firms. The validity and reliability of the data were based on the statutory audit of all the financial statement and subsequent approval of the report by the regulatory authorities. The multiple regression model was employed analyze the research data. The independent variable (investment in CSR) was measured as cost of donation and other related expenses as well as employee welfare and other related expenses. Performance which served as the dependent variable of the study was measured using employee productivity and profitability.

Measurement of Variables

Independent variable: Investment in CSR served as the independent variable of this study. Investment in CSR was measured using two proxies. First, as cost of donation and other related expenses and secondly, as employee welfare and other related expenses. According to Lin & Amin (2017), the measurement of the amount spent or donation made on CSR is more accurately linked to the firm's performance. Donations and other related expenses cover donation of cash and products to various stakeholders, construction and rehabilitation of various public infrastructures, provision of scholarship to members of the community and sponsorship of various events.

Employee welfare and other related expenses on the other hand covers employee benefits, medical expenses, training and development expenses, voluntary retirement benefit costs, canteen expenses, incentives paid to employees and product packs to employees. These two components of investment in CSR are chosen because they are the most recognized and reported measures among Nigerian firms. It is also consistent with the measures of investment in CSR employed by previous studies such as Madichie, *et al.* (2018) and Angahar (2018).

Dependent variable: Firm performance serves as the dependent variable of the study. Several studies have employed different measures for the measurement of financial performance. Performance was measured using the following proxies:

Employee productivity: Employee productivity is concerned with the specific output expected of an employee relative to the resources spent on the employee. Employee productivity was measured as stated below:

$$\text{Employee productivity (EP)} = \frac{\text{Total sales}}{\text{Average number of employees}}$$

Profitability: Profitability measures the efficiency of the management of an organization in the utilization of the resources in order to add value to the organization. It shows the overall efficiency and performance of firms. It was measured as stated below:

$$\text{ROA} = \frac{\text{Net profit}}{\text{Total asset}}$$

Model specification

The research model formulated in the study is as stated in the table below:

$$EP = \beta_0 + \beta_1 DN_{it} + \beta_2 WE_{it} + \mu_{it} \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \quad \text{(i)}$$

$$CF = \beta_0 + \beta_1 DN_{it} + \beta_2 WE_{it} + \mu_{it} \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \quad \text{(ii)}$$

Where: EP = Employee productivity

PR = Profitability

DN = Donation and other related expenses

DN = Employee welfare and other related expenses

RESULTS AND DISCUSSION OF FINDINGS

Data Analysis

The data obtained from the annual report of the firms under consideration were first analyzed on Microsoft excel and thereafter uploaded on e-view statistical software (version 10). The study computed the minimum and maximum statistics, mean, standard deviation which forms the descriptive statistics for the dependent, and independent variables. The computation is presented below:

Table 1: Descriptive statistics

Variables	N	Minimum	Maximum	Median	Mean	Standard deviation
EP	20	3.877	5.070	4.425	4.508	0.337
PR	20	0.020	1.430	0.125	0.209	0.305
DN	20	0.000	5.515	4.410	4.158	1.172
WE	20	4.551	6.792	5.298	5.467	0.698

Source: E-view output (version 10)

Table 1 showed the variables, minimum, maximum, median, mean and standard deviation values of the variables employed in the study. The mean value of employee productivity and profitability as measures of performance stood at 4.508 and 0.209 respectively. The minimum values of the indices range from 3.877 (employee productivity) to 0.020 (profitability) while the maximum values were 5.070 (employee productivity) to 1.430 (profitability). The standard deviation was 0.337 and 0.305 for employee productivity and profitability respectively. The standard deviation indicates that there is no wide gap between the level of employee productivity and profitability of the firms of the firms under consideration.

The mean value of donation and employee welfare and related expenses as measures of investment in CSR stood at 4.158 and 5.467 respectively. The minimum values of the indices range from 0.000 (donation and related expense) to 4.651 (employee welfare and related expense) while the maximum values were 5.515 (donation and related expense) to 6.792 (employee welfare and related expense). This indicates that while some firms invested adequately in CSR on their external environment, some others firms invested little or nothing on their external stakeholders. The standard deviation was 1.172 and 0.698 for donation and related expense and employee welfare and related expense respectively. The standard deviation indicates that donation and related expense were a little over one point away from the mean while employee welfare and related expense did not show wide gap among the firms.

Table 2 Impact of investment in CSR on performance

Variable	Model 1	Model 2
	$EP = \beta_0 + \beta_1 DN_{it} + \beta_2 WE_{it} + \mu_{it}$	$PR = \beta_0 + \beta_1 DN_{it} + \beta_2 WE_{it} + \mu_{it}$
Constant	2.9268	0.8189
DO	0.0960	0.0422
WE	2.2156	-0.1437
Adjusted R^2	0.3725	-0.0181
F-statistic	6.6413	0.8304
Prob (*F*-statistic	0.0073	0.4527
Breusch-Pagan-Godfrey	0.3022	0.3838
Breusch-Godfrey	0.9992	0.9960

Source: E-view (version 10) output

Table 2 showed the result of the post estimation test carried out on the two models of the study to validate the appropriateness of the model specification. The Breusch-Pagan-Godfrey heteroskedasticity test carried out revealed a *P*-value of 0.3022 and 0.3838 for model 1 and 2 respectively, which is greater than the chosen level of significance of 5% indicating that there is no evidence for the presence of heteroskedasticity rather there is presence of homoskedasticity. This implies that there is no violation of the constant variance assumption of the regression model, which indicates that the variance of the error term is constant.

The Breusch-Godfrey serial correlation LM test of serial correlation revealed a *P*-value of 0.8520. This led to the acceptance of null hypothesis of no serial correlation indicating that there is no that there is no evidence of auto or serial correlation. Variance inflation factor (VIF) test of multicollinearity showed a VIF of less than 10 for both model 1 and 2 ruling out the possibility of there being multicollinearity among the independent variables.

DISCUSSION OF FINDINGS

Table 2 further showed the result of the regression estimate on model 1 and 2. Model 1 which sought to provide answer to the impact of investment in CSR on employee productivity indicates that showed that the investment in CSR exert a positive impact on employee productivity which supports the *a-priori* expectation (with a coefficient of +2.9268). The regression estimates also showed an adjusted R^2 value of 0.3725 indicating that about 37.25% of employee productivity of the firms under consideration was explained by independent variable while the remaining 62.75% variation in the employee productivity of the firms were caused by other factors not included in the model. This shows that the model has a good fitness of the regression line but with a low forecasting power.

The computed *F*-statistic showed a value of 6.6413 while the p-value was 0.0073 which is less than the critical value of 0.05; as a result, the null hypothesis is rejected while the alternate hypothesis is accepted. This indicates that investment in CSR has a significant impact on employee productivity of quoted manufacturing firms in Nigeria. This implies that investment in employee welfare and employee relations will increase morale and commitment of employees. A higher employee commitment and morale will prompt a positive work attitude which could lead to an increase in the productivity of employees. Therefore, firms that have improved work conditions would most likely experience increased level of productivity and reduced error rate from employees. This result is consistent with the postulation of the stakeholder theory and also in line with the result of previous studies such as Sun and Yu (2015) and Radwan (2015) which found that there is a significant relationship between CSR and employees' performance.

The regression estimates on model 2 which sought to provide answer to the impact of investment in CSR on profitability of quoted manufacturing firms in Nigeria revealed that investment in CSR exerts a positive impact on profitability of the firms (with a coefficient of +0.8189). The positive impact shows that investment in CSR act as a signal to the various stakeholders of the firm as socially responsible firms. This propels the various stakeholders to support the firms. The result is consistent with the *a-priori* expectation. However, the regression estimate revealed a negative adjusted R^2 value of -0.0181 indicating that factors influencing profitability of the firms are beyond the explanatory variable (investment in CSR).

The regression estimates further showed a computed *F*-statistic value of 0.8304 while the p-value was 0.4527 which was greater than the critical value of 0.05; thus, the null hypothesis is accepted while the alternate hypothesis is rejected. This signifies that investment in CSR does not have any significant impact on profitability of quoted manufacturing firms in Nigeria. This result implies that the current level of investment in CSR is neither beneficial nor harmful for a firm to invest in CSR from economic perspective. This result suggests that the level of investment in CSR would not create a reliable and honest reputation in the mind of consumers. This result is consistent with the result of previous studies such as Akinleye and Adedayo (2017), which found that investment in CSR exert insignificant impact on profitability. However, the result negates the result of other studies such as Maqbool and Zemeer (2017) and Onyeka and Nwankwo (2016), which found that CSR has a positive and significant impact on profitability.

Implications of Findings

The result of the study has implication for managers who contemplate investing in CSR programs, investors and financial analysts who assess firm performance and policymakers who design and implement guidelines on investment in CSR as well as researchers. The policy implications include the need for efficient management of investment decision on CSR practices in such a way as to stimulate the adequate performance.

The result from model 1 showed that adequate investment would enhance employee productivity. However, the positive but insignificant impact found on the test model two suggests that investment in CSR, though a disincentive to performance, it might not be undesirable as it could act as a positive signal of ethical responsiveness of the firm to the various stakeholders. A likely explanation for the result might that managers choose their investment in CSR based on their personal interests, without considering the broader impact for the stakeholders of the firm.

However, the firms should be cautious because even though consumers might be price sensitive; they are likely inclined to reward an ethical firm by paying a higher price and punishing an unethical firm by paying less. Thus, there is need for formulation of a policy framework which ought to be an outline for investment in CSR and its disclosure in the performance and ensure compliance through the establishment for its implementation. Such policy could assist them minimize bias from stakeholders and moderate their consequential adverse reactions to well-intentioned corporate actions.

CONCLUSION AND RECOMMENDATIONS

This study was geared towards showing how investment in CSR can improve the performance of firms from the view point of the different stakeholders, thus contributing to a better society. The study revealed that investment in CSR has a positive impact on performance of manufacturing firms as supported by the stakeholder theory. This implies that the investment in CSR act as a signal to the various stakeholders of the firm as a socially responsible firm. However, while investment in CSR showed a significant impact on employee productivity, it indicated an insignificant impact on profitability of the firms.

Based on the findings, the study concludes that manufacturing firms quoted in Nigeria do not view investment in CSR as a strategic tool to improve performance but such investment is employed to achieve other corporate objective(s) such as creating image of good corporate citizenship. However, the stakeholder theory and the literature show how investment in CSR can improve performance of firms contributing to a better society, developing a new approach to corporate governance and management from a CSR framework.

Based on the findings and the theoretical framework of the study, the study recommended that manufacturing firms should invest adequately in CSR practices especially on employee welfare and relations as it would ensure increased employee commitment and morale. Thus, an increased employee commitment and morale will prompt a positive work attitude which will eventually improve employee productivity. The study also recommends that manufacturing firms should give priority to investment in CSR practices in order boost their image/reputation thereby increasing their returns and profitability. However, they should do so in synchrony with other factors that has significant impact on performance.

Contribution to Knowledge

Basically, the study contributes to a theoretical enhancement of the current level of knowledge on the growing literature on investment in CSR and performance of manufacturing firms in Nigeria, achieved by testing the variables empirically. The theoretical finding of the study provides theoretical validation (the stakeholder theory) that investment in CSR is beneficial and that it is a way of enhancing performance as well as creating value.

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