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CSR PERFORMANCE OF LISTED FIRMS: BOOSTER TO NIGERIAN ECONOMY (2012-2021)

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ABSTRACT: *This paper examines the relationship between corporate social responsibility and financial performance of listed companies in Nigeria. The study used correlational research designs within positive accounting theory. The study utilized secondary data collected from the annual report and accounts of twenty-three (23) sampled listed companies for a period of 10 years (2012-2021). The sample of the companies was arrived at using census sampling technique in which all the elements of the population were used for the study. The data were analyzed using regression analysis (GLS Fixed Effect) with the aid of Stata Version 14.0. The study concludes that the involvement in CSR is also one way of meeting the requirement for good citizenship where a company is expected to be socially responsible to the environment in which it operates. The study therefore recommends, among others, that regulatory authorities such as SEC and NSE should improve on their monitoring and supervisory functions to make listed companies in Nigeria to comply strictly with the code of CSR.*

KEYWORDS: Regulatory Authorities, Supervisory Function, Social Responsibility, Economy and Good Citizenship.

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INTRODUCTION

Corporate Social Responsibility (CSR) has received growing interest among researchers and practitioners over the last few decades. Corporations have traditionally been viewed as self-centered and profit maximizing entities, while governments alone assumed the role of improving the living conditions of the population. However, with the advent of social activism and the emergence of new expectations, other facets of corporate performance besides financial results are being considered by corporations. In order to meet public expectations and differentiate themselves from the competition, companies started going beyond what is legally required of them by engaging in CSR activities. Moreover, the practice of CSR is increasingly drawing the attention of investors, customers, suppliers, employees and governments across the world. Following this movement, a large number of firms across the world take CSR issues into account while improving their financial performances. This prompted managers to recognize CSR as an important business strategy. Thus, CSR receives increasing attention by regulators, market, the media and the public, and this is seen as social support implemented by the firm.

Carroll (1979) defined CSR as encompassing the economic, legal, ethical and discretionary expectations (philanthropic) that society has of organizations at a given point in time. Thus, CSR involves four responsibilities for firms, namely the economic responsibility concerned with making profit, the legal responsibility related to complying with the rules, the ethical responsibility concerned with doing right and fair acts, and the discretionary responsibility of sharing resources to serve the society in general. The European Union-EU (2021) stated that CSR consisted not only of a company's voluntary compliance with social and environmental issues, but also its respect for existing rules and regulations in the countries where it operates, and its participation in the development of these rules and regulations where they do not exist (Richardson, Lanis & Taylor, 2015). CSR is a concept that views organizations as embodiments of diverse interest groups beyond the traditional view of the firm which sees organizations existing only for economic reasons. Similarly, the rise in public and stakeholder concern about the effect of CSR activities on business performance is forcing companies to come to terms with the expectations of various stakeholders.

Companies embrace these challenges in order to reap the benefits of proactive legal, social, environmental and reputation risk management; enhance organizational effectiveness; improve relationships with stakeholders; and rationalize the right to operate within the communities. Therefore, modern day corporations are the nexus of contractual relationships between the firm and its extended stakeholders with a view to maximizing the value of the firm (Usman & Amran, 2015). CSR performances in both developed and developing economies are not at par due to inherent structural disparities such as weak enforcement of regulations, corruption and lack of awareness of the basic rights of the various stakeholders.

In order to ensure that companies operating in Nigeria behave in a socially responsible manner, the Federal Government through the National Economic Empowerment Development Strategies (NEEDS), enjoins organizations to focus on product efficiency, reduction in emission of harmful substances, improvement in quality of lives of their host communities and employment and labour relations (National Population Commission-NPC, 2014). Abdullahi (2017), as cited in Dandago and Muhammad (2021), stated that CSR refers to businesses' contributions to the immediate community and the economy as a whole for development and

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progress, even as they are extraneous to their regular business activities. Thus, for companies to survive and prosper within the complex and competitive business environment, they must plan their activities in such a way that they strike a balance between the legal, economic, philanthropic and ethical aspects of CSR.

On the other hand, Friedman (2017) considered maximization of shareholders' wealth as the sole objective and responsibility of business and that the CSR is irrelevant to business operations. However, the use of corporate funds is acceptable as long as it will eventually result in greater economic gain. In addition, if a company focuses more on social responsibility instead of maximizing profit, it will decrease the efficiency of market mechanisms and fail to achieve optimal allocation of resources. Nevertheless, corporations tend to pass to society the hidden costs of performing socially responsible activities. More expensive but environmentally safer products would mean higher product prices, and higher taxes for companies may mean lower salary for the employees. Higher cost of production may result in lower dividends paid off to shareholders. It is even observed that if the society would know of these hidden costs of social performance, they would not insist that corporations take on this role at all. In the light of the foregoing, this study examines the relationship between CSR and financial performance in the listed companies in Nigeria with a view to determining the extent to which this relationship can be used to enhance firms' financial performance in Nigeria.

Statement of the Problem

Companies have to produce goods and services to enable them generate profits and grow in the long-run. Various forms of companies operate in many environments to deliver goods and/or services to achieve certain defined objectives. However, all companies impact on the society and the environment through their operations, products and services and through their interaction with key stakeholders. It is worthy of note that even those companies and organizations whose production causes no injury or degradation of the environment, such as service providers, also engage in CSR activities so as to solicit for customers' patronage, government support and demonstrate their ethical and social responsiveness to the public. However, organizations operating in Nigeria have not done enough to improve the social welfare of the host communities where they operate, despite huge profits reported annually. Companies are to focus on the ethics and legitimacy of their behavior with a view to demonstrating their social responsiveness to their stakeholders, which would help in enhancing their financial performance through enhanced patronage by investors who cherish socially responsible firms. More so, effective CSR is likely to make tremendous strides in the lives of Nigerians and Nigeria as a nation, and thus enhance economic development. Lack of CSR could therefore militate against the profit maximization or wealth maximization objective of the firm. Companies demonstrate CSR when they have a comprehensive set of responsible policies, practices, and programs toward society and the environment regarding business operations. Despite the importance and huge benefits that accrue to the economy through the practice of CSR by companies, there have been few studies conducted in the area. Consequently, there is the need to examine the relationship between CSR and financial performance of listed companies in Nigeria.

In light of the foregoing, the following research hypothesis was raised:

1. There is no significant impact of CSR (CSR expenditure) on financial performance (Return on Assets (ROA) of listed companies in Nigeria.

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Significance of the Study

Companies are expected to be socially conscious to discharge their social obligations for the well-being of all the stakeholders and society in general. Hence, this study would be relevant in a number of ways. In research, the study will contribute to the existing body of knowledge, especially as there are few studies that are conducted on CSR and financial performance which factored in the moderating effect of CG, most of which were conducted outside Nigeria and can be used as a reference material by those who want to research further into the area.

In policy, the Securities and Exchange Commission (SEC) will find the study useful as it will help in integrating CSR in codes of CG for companies in Nigeria. In practice, listed companies in Nigeria would find the study useful in the sense that when the companies are well-managed, that will enable them to engage in more socially responsible investment which will make the public to patronize their products and services, consequently leading to enhanced financial performance. In doing so, there would be more return on investment for the shareholders and more support to the government in the form of taxes to enable it to provide social amenities that will improve the living standard of the citizenry.

LITERATURE REVIEW

Carroll's Pyramid of CSR

According to Carroll (1979), CSR pyramid has four kinds of CSR that firms can get involved in: economic, which is the foundation upon which the others rest because the firm has to make profit for it to continue in operation; legal, since the firm has to obey the codification of wrong and right of the society; ethical, an obligation to do what is right and fair and avoid harm; and finally philanthropic, by being a good corporate citizen. When these are observed by a firm, then it can be said to be socially responsible. Similarly, Carroll's CSR Pyramid in Figure 1 describes four levels of responsibility: economic, legal, ethical and philanthropic. The bottom of the pyramid is economic responsibility. It is the foundation of the pyramid. The main duty of a firm is to produce goods and services for the community. The economic layer is supporting all the other layers on top. The second level is legal responsibilities. Firms operate within the certain framework of the law. The third level is ethical responsibility. This means firms operate their business in an ethical way even if no law requires this. The top level is philanthropic responsibility. This is how companies return their profit to society. This is the highest level of responsibility that a company bears.

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- Be good corporate citizen
- Do what is good and fair avoid harm
- Obey laws and regulations
- Be Profitable

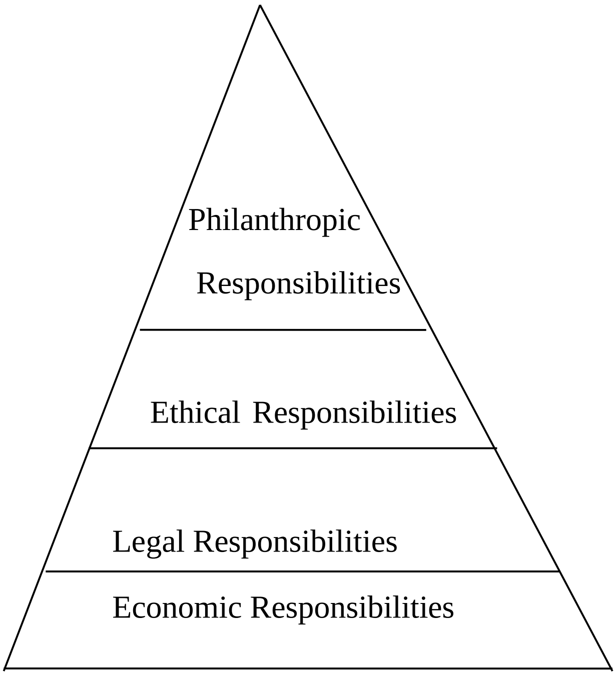

Figure 1: The Pyramid of CSR

Source: Carroll (1979:499)

From Figure 1, it can be seen that there are four responsibilities with the philanthropic responsibility at the top, followed by ethical responsibilities, then legal responsibilities and finally economic responsibilities at the bottom. The economic responsibilities entail that business organizations are entities designed to provide goods and services to the society. The profit motive is central to entrepreneurship. As its principal role, businesses were required to produce goods and services and make an acceptable profit in the process. At some point in time the idea of profit motive got transformed into a notion of maximum profits and this has been an enduring value ever since. Examples of economic responsibilities include profitability and maximization of sales revenue.

CSR is viewed from different perspectives and angles. The perspectives vary from individual authors to organizations and as a result, there is no generally accepted unified definition of the concept. Many CSR definitions were minimization of cost (administrative, production, marketing, and distributions), making wise strategic decisions and being attentive to dividend policy. Legal responsibility is to ensure that society has not only sanctioned business to operate according to the profit motive; at the same time, business is expected to comply with laws and regulations promulgated by federal, state and local governments as the ground rules under which businesses must operate. Businesses are expected to pursue their economic pursuits within the framework of law. Examples of legal responsibility include obedience to existing laws, adherence to all regulations, environmental laws, consumer laws, laws affecting all employees, obey Foreign Corrupt Practices Act, and fulfill all contractual obligations. Although economic and legal responsibilities embody ethical norms about fairness and justice,

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ethical responsibilities embrace those activities and practices that are expected by societal members even though they are not codified into law.

Ethical responsibility embodies those norms, practices or expectations that show concern for what consumers, employees, shareholders and the community regard as fair, just or in keeping with the respect or protection of stakeholders' moral rights. Ethical responsibilities in the sense are often ill-defined or continually under public debate as to their legitimacy. Examples of ethical responsibility include: avoid questionable practices, respond to spirit of laws, assume law is a floor on behaviour, operate above minimum required by law and assert ethical leadership. Philanthropic responsibility encompasses those corporate actions that are in response to society's expectation. This includes actively engaging in activities that promote human welfare or goodwill. Examples of philanthropic responsibility include corporate contributions, programs supporting community/education, community involvement/improvement and volunteerism.

THEORETICAL FRAMEWORK

Stakeholder theory was first propounded by Freeman (1984), which provided a discussion of the links between external stakeholders and company functions. Stakeholder theory posits that managers conduct CSR to fulfill their moral, ethical and social duties for their stakeholders and strategically achieve corporate goals for their shareholders. Freeman (1984) defined stakeholders as any group or individual who can affect or is affected by the achievement of the organization objectives. Stake in this context means a claim or an interest in a profitable enterprise. The main stakeholders are customers, employees, local communities, suppliers and distributors, the public, regulators, government, policymakers and shareholders. This theory attempts to widen the scope of corporate responsibility to reiterate the importance of satisfying complex yet related sectors. The theory is also aimed at amplifying the broader public interest that corporations must serve. It recognizes that apart from profit there are other values that can be created by the firm to ensure its prolonged existence (Donaldson & Preston, 2019).

Furthermore, stakeholder theory posits that long-term support by a company's stakeholders is achieved when the board of directors implements CSR practices (Johnson & Greening, 2019). Thus, directors should increase the welfare of all the groups that can directly or indirectly affect or be affected by the company to maximize the stakeholders' benefit and guarantee the company's long-term financial performance and survival. Similarly, this theory states that corporations are not only liable to shareholders but also to any individual or group that affects or may be affected by an organization's actions (Fleege & Adrian, 2014). Bonnafous-Boucher and Porcher (2020) posited that through stakeholder theory, leaders could maximize the total value of the firms by incorporating the interest of all stakeholders in the organization's decision. Evidence suggests that companies that concern themselves with the interests of more stakeholders have better CSR which result in enhanced financial performance in the long run (Jo & Harjoto, 2021). In addition, management activities aimed at satisfying the primary stakeholders of a firm should increase enterprise value and financial performance (Shum & Yam, 2021).

Furthermore, good CSR policy together with the appropriate behavior of the board of directors will improve financial profitability, and favor shareholders, employees, customers, suppliers

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and all other agents likely to be affected by the decisions taken by the company. The proponents of stakeholder theory contend that company leaders seeking to address social and environmental issues in a proactive manner will manage the needs of a wider stakeholder to benefit from improved financial success (Chen & Wang, 2021). The CSR management model suggested that engagement with the expectations of the different interest groups involved results in an enhancement of risk anticipation and, finally, in the creation of stable value for both shareholders and stakeholders (Martinez-Ferrero & Frias-Aceituno, 2015). In addition, the various pressures by institutions also played a pivotal role in support of CSR. Corporate key players were under increased pressure from groups like the social activists, media, governments, non-profits, monitoring organizations, consumers, and even other corporations, to assess the social impacts of their practices. Together with financial performance, CSR was seen as an inevitable road to take by a firm's management (Querol-Areola, 2017).

The Concept of CSR

Several CSR definitions were developed by the scholars in the past, based on the social, economic, political and environmental context. No unique all-encompassing definition emerged in the last few decades in the history of CSR. The European Union (EU) in 2021 defined CSR as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. Moreover, DeKay (2014) defined CSR as the combination of corporate policies, values, and activities seeking to satisfy all stakeholders including their needs with respect to social welfare and the natural environment. Furthermore, Krishnan (2022) viewed CSR as a comprehensive set of policies, practices, and programs that are integrated into business operations, supply chains and decision making processes throughout the company and which usually includes issues related to business ethics, community investment, environmental concerns, governance, human rights, the marketplace as well as the workplace.

Similarly, Alkababji (2014) defined CSR as a situation where companies take into consideration the concerns of a wide range of corporate stakeholders such as shareholders, employees, suppliers, customers, government and the local community and incorporate principles of social fairness and environmental sustainability into the business process. Furthermore, CSR is a concept that views the organization as an embodiment of diverse interest groups beyond the traditional view of the firm which states that the organization exists for economic reasons only. Therefore, modern day corporations are the nexus of contractual relationships between the firm and its extended stakeholders with the aim of maximizing the value of the firm (Richardson, Lanis & Taylor, 2015).

Many definitions of CSR cover various dimensions including economic development, ethical practices, environmental protection, stakeholders' involvement, transparency, accountability, responsible behaviour, moral obligation and corporate responsiveness (Rahman, 2021). On critically viewing the various definitions given, one could observe that they are centered on three themes, as stated by Wissink (2022). These themes are corporate relations to economic, societal and environmental sustainability. It is on this basis that several terms like corporate conscience, good corporate citizenship, business responsibility, business citizenship, social performance, sustainable responsible business, community relations, and responsible business are used to connote CSR (Usman & Amran, 2015). Thus, it can be deduced from the foregoing that CSR refers to the decisions and actions taken by organizations for not only achieving the

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organizational direct economic or technical interest, but also to meet the expectations of both internal and external stakeholders of the firm. The next sub-section discusses the development of CSR in Nigeria.

The Concept of Financial Performance

A company's financial performance forms the backbone on which a profit seeking entity would continue to exist. Financial performance is the overall measure of a company's ability to maximize its cost of operations, efficiently use its assets and maximize shareholder value. High performance reflects management effectiveness and efficiency in making use of the company's resources and this in turn contributes to the economy at large (Naser & Mokhtar, 2014). According to Fauzi, Svensson and Rahman (2020), financial performance is the outcome of management processes in relation to the goals that were set. It is the ability of the organization to use its resources efficiently and effective in order to reach those goals. Furthermore, Trivedi (2020) defined financial performance as the act of performing a financial activity measured against preset standards of accuracy, completeness, cost, and speed. It is the degree to which financial objectives of an organization are being met or have been accomplished. Financial performance can also be said to be the measure of a firm's financial health over a given period of time or a measure of how well a firm is able to meet its policies and operations in monetary terms.

Karaye, Ishak and Che-Adam (2014) defined financial performance as an attempt of an organization to meet its goals or being effective in productivity. In the same vein, Mwangi and Murigu (2015) defined financial performance as a measure of an organization's earnings, profits and appreciation in its value, which is reflected by the rise in price of the entity's shares. Financial performance is measured at a given point in time or over a period of time. It can also be compared with similar firms across the same industry or be used to compare industries or sectors in aggregation. From the foregoing, financial performance is a measure of an organization's earnings, profits and appreciation in its value which are reflected by the rise in price of the entity's shares and the degree to which financial objectives are being met or has been accomplished. The next sub-section discusses the measurement of financial performance.

Empirical Studies

Studies examining the impact of CSR on financial performance have documented mixed results: some studies found a positive impact of CSR on financial performance (Choi, Kwak, & Choe, 2020; Karaye, 2020; Uadiale & Fagbemi, 2021; Baird, Geylani & Roberts, 2022; Ilaboya & Omoye, 2013) and some found a negative impact of CSR on financial performance (Aras, Aybars & Kutlu, 2020; Dinsmore, 2014; Ahmed, 2016; Gbadamosi, 2016).

Some studies documented mixed results, that is, some variables of CSR exhibit a positive impact on financial performance, while others exhibit a negative impact within the same study (Janamrung & Issarawornrawanich, 2015; Waller, 2016; Querol-Areola, 2017). Aras et al. (2020) investigated the relationship between CSR and financial performance of 40 companies listed on the Istanbul Stock Exchange (ISE) 100 index, Turkey using content analysis for the period 2005-2007. The CSR index was used as a measure for CSR, while ROE, ROA and ROS were used as measures of financial performance, and firm size, risk level and R&D intensity were used as control variables. Descriptive statistics, Pearson correlation and regression models

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were used as techniques for data analysis. The result shows that there is no significant relationship between CSR and financial performance.

On the contrary, Choi et al. (2020) investigated the impact of CSR on financial performance of listed companies in Korea for the period 2002-2008. CSR was measured by both the Equal-Weighted (EW) CSR index and a stakeholder-weighted CSR index, while financial performance was measured by ROE, ROA and Tobin's Q, and size, risk, sales growth and R&D expenditure were used as control variables. Descriptive statistics, correlation and regression models were used as techniques for data analysis. The result of the study shows a positive and significant impact of CSR on financial performance. Similarly, Karaye (2020) examined the impact of CSR on the value of firms of 6 banks listed on the Nigerian Stock Exchange for the period 1999-2008. Corporate philanthropy and charitable gifts, legal responsibility, ethical responsibility and economic responsibility were used as proxies for CSR, and firm value was used as the dependent variable. The data generated was analyzed using multiple regression and chi-square analysis via SPSS version 22 software tool. The study reveals that philanthropic, legal and ethical responsibilities have a significant positive impact on the market value of firms in the industry in Nigeria.

Further, Ribera (2020) investigated the relation between CSR and corporate financial performance (CFP) of 353 U.S. corporations for the period 1991-2002. KLD index was used as proxy for CSR, while ROA, sales, market capitalization, ROA annual growth, sales annual growth, market capitalization, annual growth, level of price volatility, level of working capital, level of ROA and level of net income were used as corporate financial performance measures, and primary industry, level of diversity of corporate leaders, level of closely held shares, level of compensation of corporate leaders, corporate governance and level of total assets were used as control variables. Descriptive statistics, correlation and two-factor mixed model ANOVA were employed as techniques for data analysis. Key findings from the study were that organizations that emphasized CSR in the categories relative to the community and its employees outperformed others with respect to certain financial performance measures.

In the same vein, Uadiale and Fagbemi (2021) examined the impact of CSR activities on the financial performance of 40 quoted companies in Nigeria as at 31 December, 2007 using content analysis based on a voluntary disclosure index constructed from the annual report and accounts of the sampled companies. Community performance, environment management system and employee relations were used as CSR variables, while ROE and ROA were used as financial performance variables. Correlation and regression analysis were used as techniques for data analysis and the result shows that CSR has a positive and significant impact on the financial performance measures. Similarly, Babalola (2022) examined the impact of CSR on firms' profitability of 10 randomly selected firms listed on the Nigerian Stock Exchange from 1999-2008. Investment in CSR was used as an indicator of CSR and profit after tax was used as a proxy for financial performance. The study makes use of ordinary least squares for the analysis of data collected for the study and the result shows that CSR has a positive impact on profitability of the sampled firms.

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METHODOLOGY

Research Design

This study employed correlational research design. In the correlational design, the aim is to establish or explore a relationship, association or interdependence between at least two facets of a situation or a phenomenon. The rationale behind adopting the design is because the study is after finding the relationship between CSR and financial performance.

Population of the Study

The entire non-financial services companies listed on the Nigerian Stock Exchange (NSE) constitute the population of this study. As at December 2017, there were one hundred and fourteen (114) non-financial services companies listed on the NSE. Out of the one hundred and fourteen (114) companies, one hundred and seven (107) belong to the Main Board of the NSE, while seven (7) belong to the Alternative Securities Market (ASeM) (NSE Daily Official Listing, 2017).

Sample Size

The sample of this study was drawn from the Main Board of the NSE. Census sampling technique was used to select the sample for this study. Twenty-eight (28) companies were found to be listed after 2007 and fifty-six (56) companies did not have complete data on CSR expenditure (donations/gifts/charity) in their annual reports, while twenty-three (23) companies had complete information needed for the study. Thus, all the remaining twenty-three (23) companies that form the working population were selected as the sample for this study. The data for this study was obtained from a secondary source. The secondary data was collected from the annual report and accounts of the twenty-three (23) sampled listed companies for the period 2012-2021.

RESULT

In order to determine the impact of the explanatory variables (CSR, size, leverage, sales growth and cash flow from operations) on the dependent variable (financial performance), multiple regressions using panel data methodology was used for the study.

Model Specification

The following model which is modification from Peng and Yang (2014) and Ba (2017) was used:

$$ROA_{it} = \beta_0 + \beta_1 CSREX_{it} + \beta_2 SIZE_{it} + \beta_3 LEV_{it} + \beta_4 SG_{it} + \beta_5 CFO_{it} + \varepsilon_{it} \ldots\ldots\ldots\ldots\ldots\ldots (I)$$

where:

ROA = Return on assets

CSREX = Expenditure on CSR

SIZE = Size of the company

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LEV = Leverage of the company

SG = Sales growth

CFO = Cash flow from operations

β0 = Parameters to be estimated (the average amount the dependent variable increases when the independent increases by one unit, other independents variables held constant)

eit = Error term assumed to satisfy the standard OLS assumption

β1-β7 = Partial derivatives or the gradient of the independent and moderating variables.

Model I provides the regression on the impact of CSR together with the control variables on financial performance.

This section explains the impact of CSR on the financial performance of the sampled listed companies in Nigeria. The result is presented on Table 1 below. The fixed effect regression results in Model I show the value of the overall R^2 as 0.13 which is the multiple coefficient of determination that gives the proportion or percentage of the total variation in the dependent variable explained by the explanatory variables jointly. Hence, it signifies that approximately 13% of total variation in ROA of sampled listed companies in Nigeria is caused by CSR expenditure, size, leverage, sales growth and cash flow from operations. Model I also shows the F-statistics value of 9.11 with the corresponding p-value of 0.000. The p-value of 0.000 implies that the relationships among the variables were not due to mere chance and, as such, the results from the regression can be relied upon by 99.9% based on the significance level of 1%. In addition, it means that the explanatory variables reliably predict the dependent variable of the study.

Table 1: Generalised Least Squares (Fixed Effect) Regression Results for Model I

Variables	**Model I**
Constant	1.27*** (4.22)
CSREX	0.01** (2.18)
SIZE	-0.11*** (-4.02)
LEV	-0.13*** (-3.40)
SG	0.05*** (3.38)
CFO	0.10* (1.84)
Observations	180
Hettest	0.13
F-Test	0.00
Hausman	0.00

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R^2: Within	0.17
Between	0.13
Overall	0.13
F	9.11
Sig	0.00

Source: *Result Output from STATA 14.0*

Table 1 shows that CSR has a positive and significant impact on financial performance at 5% level of significance in Model I, with the coefficient and t-value (coef = 0.01, t = 2.18). The positive impact of CSR on financial performance implies that for every increase in expenditure on CSR by N1, financial performance of the sampled listed companies will increase by 0.1%. This is as a result of the fact that CSR generates additional revenue due to the purchase decisions of customers because of the growing awareness of social and environmental issues, customers' patronage of CSR-related products and also taking various positive actions by them, such as making more purchases, remaining loyal to the firm, spreading word-of-mouth, showing resilience to negative information about the company or paying a price premium.

DISCUSSION

Using the foregoing analysis in respect of all the variables, the null Hypothesis One (1) of the study, which states that CSR does not have a significant impact on financial performance of listed companies in Nigeria, is tested. The GLS (FE) regression results in Table 1 Model I, shows that CSR has a positive and significant impact on financial performance at 5% level of significance (coef = 0.01, t = 2.18); thus, based on this, the null Hypothesis One (1) is rejected. This implies that CSR has a positive and significant impact on financial performance. This finding is consistent with those of Choi et al. (2020), Uadiale and Fagbemi (2021), Adeneye and Ahmed (2015), Osisioma et al. (2015), Khan et al. (2019) and Li et al. (2019) who found that CSR has a positive and significant impact on financial performance.

The result from the analysis also shows that CSR has a significant positive impact on the financial performance. This is underpinned by stakeholder theory's viewpoint, which stipulates that firms engaging in CSR experience improved relationships with their various stakeholders, which as a result enhance their financial performance (Saleh et al., 2021). Similarly, company managers seeking to address social and environmental issues in a proactive manner tend to manage the needs of a wider stakeholder to obtain benefits in terms of improved financial success (Martin-Ugedo & Minguez-Vera (2014), Chen & Wang, 2021; Nkundabanyanga & Okwee, 2021).

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CONCLUSION

Involvement in CSR is also one way of meeting the requirement for a good citizenship where a company is expected to be socially responsible to the environment in which it operates. A company is also supposed to meet statutory requirements that are part of the CSR requirements of a company. Even if an organization is not getting involved in CSR for financial gains, they should still be involved in CSR activities for its survival. In the short-run, organizations may not experience financial benefits but, in the long-run, these activities may be very critical for organizations' profitability and survival. This is because being a good corporate citizen attracts new and unexpected customers, new capital, tax exemptions, government favors and, in the end, this may lead to achieving greater profitability. The increasing pressure on companies, especially after the 2008 global financial crisis, forced them to intensify social responsibility to boost stakeholders' confidence and redeem their image.

RECOMMENDATIONS

Regulatory bodies' (such as Securities and Exchange Commission-SEC, NSE, Financial Reporting Council-FRC and Corporate Affairs Commission-CAC) attention should be drawn towards strategizing effective ways of regulating environmental, labour and social impacts of the listed companies' activities, thereby enhancing corporate philanthropy and the integrity of the firm in the eyes of the public, and ultimately improving financial performance.

The result of this research should be used by the Nigerian legislators to enact laws on CSR, as well as sponsor a bill on the establishment of the CSR Commission by the government that would be saddled with the responsibility of formulating policies on CSR and monitoring its compliance by registered firms in Nigeria.

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