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CORPORATE SOCIAL RESPONSIBILITY ON FINANCIAL PERFORMANCE OF LISTED CONSUMER GOODS FIRMS IN NIGERIA

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Abstract

This study examined the effect of corporate social responsibility on financial performance of listed consumers goods firms in Nigeria. To achieve the objective of the study, the ex-post facto research design was used. Twenty-one (21) consumers goods companies listed on the Nigeria Exchange Group (NGX) for the period 2015 to 2025 formed the population of the study. However, judgmental sampling was used to select 13 consumer goods firms. The data for the study were sourced from annual report and Nigerian Exchange Group fact books of the selected listed companies. The data collected were analyzed using multiple regression analysis using a panel estimated generalized least square (Panel-EGLS) regression, through E-views version 12. The independent variable, corporate social responsibility was proxied by corporate social donations (CSD), employee disclosure policy (EDP), and community related social responsibility disclosure policy (CRD), while financial performance was proxied by earnings per share (EPS). Results from hypothesis one revealed that there is a significant effect of corporate social donations on the earnings per share of listed consumer goods firms in Nigeria. Result from hypothesis two revealed that the effect of employee disclosure policy on earnings per share of listed consumer goods firms in Nigeria is not significant. Finally, result from hypothesis three revealed that the effect of community related social responsibility disclosure policy does not significantly affect earnings per share of listed consumer goods firms in Nigeria. Based on the findings, the study recommends that consumer goods firms should continue with their corporate social donation's efforts, although it has insignificant effect on their financial performance, but prepares a ground for their operations. The study also recommends that consumer goods firms are encouraged to continue with their employee disclosure policy, as this will strengthen the confidence of their existing and potential customers.

Introduction

Corporate Social Responsibility (CSR) has emerged as a pivotal concept in contemporary business practices, reflecting the growing recognition that firms have obligations beyond profit maximization. CSR refers to the voluntary actions taken by organizations to address social, environmental, and economic concerns in their operations and stakeholder interactions (Carroll, 1999). These actions encompass a wide range of activities, including environmental sustainability initiatives, community development programs, employee welfare schemes, and ethical governance practices. In Nigeria, a country characterized by significant socio-economic challenges, including poverty, unemployment, and environmental degradation, CSR has gained prominence as a mechanism for firms to contribute to societal well-being while pursuing their business objectives (Amaeshi, et al., 2006). However, the relationship between CSR and financial performance remains a subject of intense debate, with varying perspectives on whether CSR initiatives enhance or undermine a firm's profitability. This study seeks to explore the impact of CSR on the financial performance of firms in Nigeria, a context where economic and social dynamics create a unique backdrop for such an investigation.

Nigeria's economy, one of the largest in Africa, is heavily reliant on oil and gas, with multinational corporations and local firms playing significant roles in the economic landscape (Oginni&Omojowo, 2016). Despite its resource wealth, Nigeria faces systemic issues such as inadequate infrastructure, corruption, and social inequalities, which place pressure on firms to address societal needs through CSR initiatives (Eweje, 2006). For instance, oil companies operating in the Niger Delta region have faced scrutiny for environmental degradation and human rights issues, prompting increased CSR investments in community development and environmental remediation (Idemudia, 2010). Similarly, firms in other sectors, such as banking, telecommunications, and manufacturing, have adopted CSR practices to enhance their corporate image, build stakeholder trust, and comply with regulatory expectations. However, the financial implications of these initiatives remain contentious, as firms must balance the costs of CSR with the need to maintain profitability and shareholder value.

Theoretically, the relationship between CSR and financial performance can be explained through several frameworks. The stakeholder theory, proposed by Freeman (1984), posits that firms that address the needs of various stakeholders such as employees, customers, communities, and regulators are likely to achieve better financial outcomes due to enhanced reputation, customer loyalty, and operational efficiency. Conversely, the shareholder primacy theory, rooted in Friedman's (1970) doctrine, argues that CSR initiatives may divert resources from core business activities, potentially reducing financial performance. Empirical studies globally have produced mixed results. For example, Margolis and Walsh (2003) found a positive correlation between CSR and financial performance in some contexts, while others, such as McWilliams and Siegel (2000), argue that the relationship is neutral or contingent on factors like industry type, firm size, and the nature of CSR activities. In Nigeria, studies like those by Uadiale and Fagbemi (2012) suggest that CSR can positively influence financial performance by improving brand equity and customer trust, particularly in consumer-facing industries like banking and telecommunications.

In the Nigerian context, CSR is often driven by both altruistic and strategic motives. Firms engage in CSR to mitigate operational risks, such as community unrest or regulatory penalties, particularly in extractive industries (Frynas, 2005). For example, oil companies like Shell and Chevron have invested in community projects, such as schools and hospitals, to address grievances in host communities. However, the effectiveness of these initiatives in translating to financial gains is unclear, as some studies suggest that poorly executed CSR programs may fail to deliver tangible benefits to either the firm or the community (Idemudia&Ite, 2006). Additionally, the Nigerian business environment is characterized by weak institutional frameworks, which complicates the implementation and evaluation of CSR initiatives. Unlike developed economies, where regulatory bodies enforce CSR standards, Nigeria's regulatory environment is often inconsistent, leaving firms to voluntarily define their CSR strategies (Okoye, 2009).

The financial performance of firms in Nigeria is typically measured using metrics such as return on assets (ROA), return on equity (ROE), and profit margins. These indicators reflect a firm's ability to generate value from its resources and operations. However, the costs associated with CSR, such as investments in environmental sustainability or employee welfare may initially reduce profitability, leading to short-term financial strain (Ofori& Hinson, 2007). Over time, however, CSR can yield benefits such as improved employee productivity, customer loyalty, and access to new markets, which may enhance long-term financial performance. For instance, banks in Nigeria, such as Zenith Bank and Access Bank, have reported positive brand perception due to their CSR activities, which include financial literacy programs and support for small and medium enterprises (SMEs) (Uadiale&Fagbemi, 2012). Yet, the extent to which these benefits translate into measurable financial gains remains underexplored, particularly across diverse industries in Nigeria.

1.2 Statement of the Problem

Corporate Social Responsibility (CSR) has emerged as a critical concept in modern business practices, reflecting a firm's commitment to addressing social, environmental, and ethical concerns alongside its profit-oriented objectives. In Nigeria, a developing economy characterized by diverse socio-economic challenges, the adoption of CSR practices has gained significant attention among firms striving to align with global standards and meet stakeholder expectations. However, the relationship between CSR initiatives and the financial performance of firms in Nigeria remains a subject of debate, with mixed findings in empirical studies. Understanding this relationship is crucial, as it influences strategic decision-making, resource allocation, and the sustainability of business operations in a competitive and resource-constrained environment.

The primary problem lies in the uncertainty surrounding whether CSR activities translate into tangible financial benefits for firms in Nigeria. While some studies suggest that CSR enhances financial performance by improving brand reputation, customer loyalty, and stakeholder trust (Ofori& Hinson, 2007), others argue that CSR initiatives, particularly in developing economies like Nigeria, may strain financial resources without yielding proportional returns (Amaeshi et al., 2006). This ambiguity creates a dilemma for Nigerian firms, many of which operate in industries such as oil and gas, manufacturing, and telecommunications, where CSR is often seen as a response to societal pressures rather than a strategic tool for financial gain. For instance, oil companies in Nigeria's Niger Delta region engage in CSR to mitigate community unrest and environmental concerns, yet the financial implications of these activities remain unclear (Idemudia, 2009).

Additionally, Nigeria's unique socio-economic context complicates the CSR-financial performance nexus. The country faces challenges such as poverty, corruption, weak regulatory frameworks, and inadequate infrastructure, which shape the expectations placed on firms to address societal needs (Eweje, 2006). Unlike developed economies where CSR is often integrated into core business strategies, Nigerian firms may view CSR as a peripheral activity, driven by philanthropy or regulatory compliance rather than a strategic investment. This misalignment raises questions about whether CSR initiatives are designed effectively to contribute to financial performance or whether they merely serve as a public relations tool with limited economic impact.

Furthermore, the lack of standardized metrics for measuring CSR impact in Nigeria poses a significant challenge. Many firms adopt ad-hoc CSR practices without clear frameworks to evaluate their effectiveness or financial outcomes (Okoye, 2009). This makes it difficult to ascertain whether investments in CSR—such as community development projects, environmental sustainability programs, or employee welfare initiatives—yield competitive advantages, cost savings, or revenue growth. The absence of robust empirical evidence specific to the Nigerian context further exacerbates this issue, leaving firms uncertain about the financial viability of CSR.

The problem is compounded by the varying expectations of stakeholders, including customers, investors, and local communities, who demand transparency and accountability in CSR activities. Firms that fail to balance these expectations with financial objectives risk reputational damage or reduced profitability. For instance, while CSR may enhance a firm's social license to operate, excessive expenditure on non-strategic CSR initiatives could divert resources from core business activities, negatively impacting financial performance (Aguilera et al., 2007). Conversely, firms that prioritize profitability over CSR may face backlash from stakeholders, leading to long-term financial consequences.

This study seeks to address the gap in understanding the impact of CSR on the financial performance of firms in Nigeria. By examining how CSR initiatives influence key financial indicators such as profitability, return on assets, and market share, the research aims to provide clarity for Nigerian firms navigating the complexities of CSR in a developing economy. The findings will contribute to the ongoing discourse on whether CSR is a strategic tool for financial success or a resource-intensive obligation with limited economic returns.

1.3 Objectives of the Study

The study's main objective is to examine the effect of corporate social responsibility on financial performance of listed consumer goods firms in Nigeria. The specific objectives include to:

i. Examine the effect of corporate social donations on earnings per share of listed consumer goods firms in Nigeria.
ii. Determine the influence of employee disclosure policy on earnings per share of listed consumer goods firms in Nigeria.
iii. Analyze the effect of community-related social responsibility disclosure policy on earnings per share of listed consumer goods firms in Nigeria.

1.4 Research Hypotheses

The following hypotheses were tested during the study:

$H_0$1: There is no significant effect of corporate social donations onthe earnings per share of listed consumer goods firms in Nigeria.

$H_0$2: The effect of employee disclosure policyonearnings per share oflisted consumer goods firms in Nigeria is not significant.

$H_0$3: The effect of community-related social responsibility disclosure policy does not significantly affect the earnings per share of listed consumer goods firms in Nigeria.

Review of Related Literature

2.1 Conceptual Framework

2.1.1 Concept of social responsibility

The roots of CSR can be traced back to the early 20th century when visionary leaders like Robert Owen advocated for better working conditions and welfare programs for employees. However, it wasn't until the 1950s that the term "Corporate Social Responsibility" gained traction, thanks to the work of scholars like Howard Bowen, who wrote extensively on the responsibilities of corporations beyond profit-making (Östman and Sharp, 2022). The concept was initially met with skepticism, as businesses primarily focused on maximizing shareholder wealth. Over the decades, the notion of CSR evolved from a mere philanthropic endeavour to a strategic imperative. Firms began to recognize that their long-term success is intrinsically linked to the well-being of the communities they operate in, the environment they impact, and the overall social fabric (Pasko, Chen, Proskurina, Ma, Gryn& Pushkar, 2021).

CSR extends beyond compliance with regulations; it embodies a commitment to ethical behaviour that goes above and beyond legal mandates (Velte, 2020). By engaging in CSR initiatives, companies demonstrate a willingness to take proactive measures to address societal issues. This proactive stance not only mitigates reputational risks but also engenders trust among stakeholders, including customers, investors, and employees. However, to ensure that stakeholders are made aware of the CSR activities of the firms, the firms report their CSR activities annually. According to Billio, Costola, Hristova, Latino and Pelizzon (2021), Corporate Social Responsibility (CSR) disclosure is a pivotal practice that reflects a company's commitment to ethical and social responsibility. Aligned with the Global Reporting Initiative (GRI), a widely recognized framework for sustainability reporting, this concept underscores the transparency and accountability that companies hold towards their stakeholders and the planet. By adhering to GRI guidelines, firms showcase not only their commitment to sustainable practices but also their recognition of the profound influence they wield over society (Connors, Anderson-MacDonald and Thomson, 2015). Such disclosures empower investors, consumers, employees, and communities to make informed decisions, thereby influencing positive change. Accordingly, Dai and Tang (2021) iterated that, the adoption of CSR disclosure in line with GRI exemplifies the evolution of businesses from being mere economic entities to becoming responsible global citizens. It reflects an understanding that long-term success is intertwined with social and environmental stewardship. Through transparent reporting, companies embark on a journey towards fostering a more equitable, just, and sustainable world, wherein profits harmonize with purpose (Bornemann, Kick, Pfingsten and Schertler, 2015).

It would be abnormal to mention the origin of corporate social responsibility without mentioning Bowen H. R. The origin of the CSR theory has been traced back to the works of Bowen, mainly in his book "Social Responsibilities of Businessmen "published in 1953 by Harper and Row, New York; Van-Beurden and Gokulsing (2016), agreed to this postulation. In validating this, Decroof, (2016) defined "social responsibility" as a person's obligation to consider the effects of his decisions and actions on the whole social system. Businessmen apply social responsibility when they consider the needs and interests of others who may be affected by business actions. In so doing, "they look beyond their firm's narrow economic and technical interests".

Walton (1967), in his book series, as a foremost thinker on this subject, entitled "Corporate Social Responsibilities", addressed many aspects of CSR about the role of the business firm and the business persons in modern society. This served as a formal attempt to define CSR as "the relationships between the corporation and society", and it was comprehended that such relationships must be kept in mind by top managers of the corporations or firms, including banks and the related groups to pursue their respective goals" (As cited in Carroll, 1999).

Agubata, (2021), maintained that corporate social responsibility emerged out of the concept that an organization should not consider mainly its economic objectives given the fact that it exists within an environment or society that concurrently influences and is influenced by its operations. Corporate social responsibility was defined as 'the obligations of business to consider those policies, to make those decisions or to follow those lines of action which are desirable in terms of the objectives and values of society'. Financial Accounting Standards Board (1993), defines CSR as 'an unconditional transfer of cash or other assets to an entity or a settlement, or cancellation of its liabilities in a voluntary nonreciprocal transfer by another entity acting other than as an owner'. Brown, (2019) noted that it is not enough for corporations to simply engage in corporate social responsibility activities but it is also important and desirable to make information about these activities available to stakeholders.

Kotler and Lee (2015) pinpointed six major initiatives under which most CSR-related activities fall, thus generating a positive impact on the firm. These are:

i. Provision of Funds: corporations provide funds, in-kind contributions or other corporate resources to build awareness and concern for a social cause or to support fundraising, participation or volunteer recruitment for a cause.
ii. Donating a Percentage of Revenues: corporations commit to donating a percentage of revenues to a specific cause based on product sales.
iii. Supporting and/or Implementation of the Development of the Community Well-being: corporations support the development and/or implementation of a behaviour change campaign intended to improve health, safety, the environment or community well-being.
iv. Contribute to Charity Organizations: corporations directly contribute to charity or causes in the form of cash donations and/or in-kind services.
v. Support and Encourage Retail Partners: corporations support and encourage retail partners and/or franchise members to volunteer their time to support local community organizations and causes.
vi. Adopt and Conduct Discretionary Business Practices: corporations adopt and conduct discretionary business practices that support social causes to improve community well-being and protect the environment.

2.1.2Benefits of Corporate Social Responsibility

Corporate Social Responsibility (CSR) has become an essential aspect of modern business, as companies recognize the importance of giving back to society and contributing to the well-being of their stakeholders. The benefits of CSR are numerous and can be categorized into internal and external benefits.

Internal Benefits:
1. Improved Employee Morale and Productivity: CSR initiatives can boost employee morale, motivation, and productivity, as employees feel proud to work for a company that is making a positive impact on society (Turban & Greening, 1997). A study by Cone Communications found that 75% of employees consider a company's social and environmental commitments when deciding where to work.
2. Enhanced Corporate Culture: CSR can help foster a positive corporate culture, promoting values such as empathy, responsibility, and sustainability (Du et al., 2010). A study by Harvard Business Review found that companies with strong CSR cultures tend to have better financial performance.
3. Better Risk Management: CSR can help companies identify and mitigate potential risks, such as environmental degradation, social unrest, and reputational damage (Porter & Kramer, 2006).

External Benefits:
4. Reputation and Brand Enhancement: CSR initiatives can enhance a company's reputation and brand image, leading to increased customer loyalty and retention (Fombrun& Shanley, 1990). A study by Inter brand found that companies with strong CSR reputations tend to have higher brand valuations.
5. Increased Customer Loyalty: CSR can lead to increased customer loyalty, as customers are more likely to support companies that share their values and contribute to the greater good (Brown &Dacin, 1997). A study by Nielsen found that 76% of customers are more likely to recommend a company that supports social causes.
6. Access to New Markets and Partnerships: CSR can provide companies with access to new markets, partnerships, and business opportunities, particularly in emerging economies (Jamali &Mirshak, 2007).
7. Regulatory Benefits: Companies that engage in CSR initiatives may be more likely to receive favorable treatment from regulatory bodies, such as tax incentives or reduced regulatory scrutiny (McWilliams & Siegel, 2001).

Societal Benefits:
8. Poverty Reduction: CSR initiatives can contribute to poverty reduction by providing employment opportunities, skills training, and access to basic services such as healthcare and education (Kolk & Van Tulder, 2006).
9. Environmental Protection: CSR can help reduce environmental degradation by promoting sustainable practices, reducing waste, and conserving natural resources (Sharma & Vredenburg, 1998).
10. Improved Healthcare: CSR initiatives can improve healthcare outcomes by providing access to healthcare services, promoting health education, and supporting medical research (Husted & Allen, 2006).
In conclusion, the benefits of CSR are numerous and can have a positive impact on both the company and society. By engaging in CSR initiatives, companies can improve their internal operations, enhance their reputation and brand, and contribute to the well-being of their stakeholders.

2.1.3 Cost of Corporate Social Responsibility
Corporate Social Responsibility (CSR) refers to a company's efforts to improve social, environmental, and economic impacts on its stakeholders and the wider community. While CSR can bring numerous benefits, such as enhanced reputation, increased customer loyalty, and improved employee morale, it also incurs costs. Here, we will discuss the various costs associated with CSR, citing relevant studies and research.

Types of CSR Costs
1. Philanthropic costs: These are the direct costs associated with charitable donations, sponsorships, and community development projects. A study by Porter and Kramer (2006) found that companies spend an average of 1-2% of their pre-tax profits on philanthropy.
2. Operational costs: These costs are related to the implementation of CSR initiatives, such as environmental sustainability, diversity and inclusion programs, and employee volunteerism. A study by Epstein and Henry (2021) estimated that operational costs for CSR initiatives can range from 0.5% to 5% of a company's total expenses.
3. Compliance costs: These costs are associated with meeting regulatory requirements and industry standards related to CSR, such as reporting and disclosure requirements. A study by Ioannou and Serafeim (2015) found that compliance costs for CSR reporting can range from $100,000 to $500,000 per year.
4. Reputational costs: These costs are related to the potential risks and damages to a company's reputation if it fails to meet CSR expectations or is involved in a scandal. A study by Fombrun and Shanley (1990) found that reputational losses can be significant, with some companies experiencing a decline in stock price of up to 20% following a CSR-related scandal.

Estimated Costs of CSR
The costs of CSR can vary widely depending on the company, industry, and specific initiatives. However, some studies have estimated the average costs of CSR as follows:

- A study by McKinsey (2011) estimated that the average cost of CSR for companies in the S&P 500 index is around 1.5% of their pre-tax profits.
- A study by KPMG (2013) found that the average cost of CSR for companies in the Fortune 500 index is around 2.5% of their pre-tax profits.
- A study by EY (2019) estimated that the average cost of CSR for companies in the global market is around 3.5% of their pre-tax profits.

In conclusion, the cost of CSR can vary widely depending on the company, industry, and specific initiatives. While CSR incurs costs, such as philanthropic, operational, compliance, and reputational costs, it also generates numerous benefits, including enhanced reputation, increased customer loyalty, and improved employee morale. Companies should carefully consider these costs and benefits when developing their CSR strategies.

2.1.4 Barriers to Corporate Social Responsibility

Corporate social responsibility has not been given serious attention in Nigeria because of the following reasons:

(a) Low education: Most businessmen are not educated. The lack of knowledge of the duties expected to offer to society, rather their major interest, is to make a profit even at the detriment of the consumer by producing sub-standard goods and services. The low level of education also affects a business, thereby making it possible to fulfill the social obligation.

(b) Non-inclusion of the cost of social responsibility in the financial statement of companies, thereby making it less attractive to business managers.

(c) Escalating cost of production in terms of capital machinery, raw materials, labour and overhead which has made it difficult for businesses to be socially responsible to society.

2.1.5 Components of Corporate Social Responsibility

2.1.5.1Community-Related Disclosure Policy

The Community expects that the company will provide improved healthcare initiatives; support and/or charity, children's education support, creation of work conditions for the disabled, and participation in occupational qualification programmes. CSR practices mainly target efforts to alleviate poverty, prevent violation of human rights and protect the environment. However, social and organizational expectations are divergent; business organizations seek to maximize profit, whereas customers expect good quality and safe, lowly priced and a variety of services. This difference results in pressure on business organizations which if not carefully resolved, may cause disruptions in operation. Idemudia and Ite (2017) argued that even when companies engage in good CSR practices such as philanthropy and social investment, the allocation of more funds for community development may still result in conflicts with organizations.

2.1.5.2 Employee Disclosure Policy

The nature of contemporary employee disclosures has led some researchers to note that reporting on employees can best be described as "worker washing" (Behm, & Schneller 2011) or "safe washing" (O'Neill; Flanagan, Clarke, Safe & wash 2016) as it projects a positive image of companies that, while providing legitimacy, it may not reflect a company's work conditions or workers' experiences. However, there have been calls to improve the health and well-being of employees through corporate social responsibility (CSR) (Granerud 2011).

2.1.5.3 Corporate Social Donations Disclosure

The term corporate donation refers to any financial contribution made by an entity to another organization that furthers the contributor's objectives. Two major kinds of such donations deserve specific consideration, charitable as well as political donations. Another aspect that is related to CSR is corporate philanthropy, which Peloza and Shang (2011) identified as being used in 65% of the studies they analyzed. Seifert; Morris and Bartkus (2003) indicate that corporate philanthropy can be cash and/or in-kind donations, gifts representing a company's products, services, infrastructure, or know-how directly or indirectly sponsored by a company. Companies offer charitable donations and are also involved in CSR just to strengthen their image as responsible companies.

Financial performance is an indicator of the firm's attainment of economic or financial objectives. The long-term survival and value of a firm are dependent on its ability to maintain desirable profit levels through its operating activities. Profitability is an indication of the efficiency with which the operations of the business are carried out i.e. profitability is related to operating performance which can be measured as return on assets. This ratio expresses the relationship of a firm's earnings defined as profit after tax with its capital employed.

2.1.6 Impact of Corporate Social Responsibility on Performance

Corporate Social Responsibility (CSR) has become a pivotal aspect of modern business strategy, reflecting a company's commitment to ethical practices, environmental sustainability, and social welfare. While CSR is often viewed through the lens of ethical obligation, its impact on financial performance has garnered significant attention from scholars and practitioners. The relationship between CSR and financial performance is complex, with evidence suggesting both positive and negative effects, depending on the context, execution, and stakeholder perceptions.

CSR encompasses a range of activities, from environmental initiatives to community engagement and ethical governance. Proponents argue that CSR enhances financial performance by improving brand reputation, fostering customer loyalty, and attracting socially conscious investors. For instance, firms that engage in CSR often experience stronger customer trust, which translates into increased sales and market share. A study by Sen and Bhattacharya (2001) found that CSR initiatives aligned with customer values significantly boost purchase intentions, thereby driving revenue growth. Moreover, CSR can enhance a company's ability to attract and retain talent, reducing turnover costs and improving productivity. According to Greening and Turban (2000), firms with strong CSR programs are more appealing to prospective employees, which can lead to cost savings and operational efficiencies.

Beyond customer and employee benefits, CSR can positively influence financial markets. Companies with robust CSR practices often attract investment from socially responsible funds, which have grown substantially in recent years. A meta-analysis by Orlitzky et al. (2003) revealed a positive correlation between CSR and financial performance across multiple studies, particularly when CSR is integrated into core business strategies. This correlation is partly attributed to reduced risk exposure, as firms with strong CSR are less likely to face regulatory fines, lawsuits, or reputational damage. For example, companies with proactive environmental policies may avoid costly penalties associated with non-compliance, thereby safeguarding their financial stability.

However, the financial benefits of CSR are not universal and can vary based on implementation and stakeholder perceptions. Poorly executed or superficial CSR initiatives—often labeled as "green washing"—can erode trust and harm financial performance. A study by Du et al. (2010) highlighted that when stakeholders perceive CSR efforts as insincere, firms may face backlash, leading to reduced customer loyalty and stock market penalties. Furthermore, CSR initiatives often entail significant upfront costs, such as investments in sustainable technologies or community programs, which can strain short-term profitability. McWilliams and Siegel (2001) argue that the financial impact of CSR depends on a cost-benefit balance, where excessive spending on CSR without strategic alignment can negate potential gains.

Industry context also plays a critical role. In sectors with high environmental impact, such as oil and gas, CSR investments in sustainability can mitigate risks and enhance long-term profitability. Conversely, in industries with lower public scrutiny, the financial returns on CSR may be less pronounced. A study by Peloza (2009) found that the financial impact of CSR is stronger in industries where stakeholders prioritize ethical behavior, underscoring the importance of context in determining outcomes.

The time horizon is another crucial factor. While CSR may lead to short-term costs, its benefits often materialize over the long term through enhanced reputation, operational efficiencies, and stakeholder trust. For instance, firms that invest in energy-efficient technologies may face high initial costs but achieve significant savings through reduced energy consumption over time. Margolis et al. (2009) found that while the immediate financial impact of CSR may be neutral or negative, long-term studies consistently show a positive relationship with financial performance, particularly for firms with sustained CSR commitments.

Critics, however, caution that CSR can divert resources from core business activities, potentially undermining competitiveness. Friedman (1970) famously argued that the primary responsibility of a business is to maximize shareholder value, and CSR initiatives that do not directly contribute to profitability may be misaligned with this goal. In some cases, firms that overemphasize CSR at the expense of operational efficiency may experience reduced margins or investor skepticism. Nevertheless, this perspective has been increasingly challenged as stakeholder expectations evolve, with modern investors and consumers placing greater value on ethical practices. In conclusion, the impact of CSR on financial performance is neither uniformly positive nor negative but depends on strategic alignment, stakeholder perceptions, industry context, and time horizons. When executed thoughtfully, CSR can enhance brand value, reduce risks, and drive long-term profitability, as supported by studies like Orlitzky et al. (2003) and Margolis et al. (2009). However, poorly implemented or misaligned CSR efforts can lead to financial losses and reputational damage. Firms must therefore approach CSR as a strategic investment, balancing ethical commitments with financial objectives to maximize both societal and economic value.

2.2 Theoretical Framework

2.2.1 Stakeholder Theory

One of the better-known expounders is Edward R. Freeman, who, in 1984, coined the seminal book entitled "Strategic Management: A Stakeholder Approach." Freeman argued businesses should add value not just to the shareholders but also to other groups with a vested interest in its operations. The other stakeholders will include employees, customers, suppliers, communities, and even the environment. Freeman's stakeholder theory emphasizes that stakeholders are interconnected; their relationships are interdependent, and as such, the success of any business revolves around how well it manages the various groups. This theory carves out an ethical dimension for business practices in the sense that it postulates that companies have a moral obligation to consider all interests of the stakeholders, not just those having financial stakes in the firm. Concerning stakeholder theory, firms are not only answerable to their shareholders but should also consider the contrasting interests of all other stakeholders that can affect or be affected by the achievement of the organization's objective (Decroof, 2016). The stakeholder theory is used to analyze those groups to whom a firm should be responsible. Boatright (2014) asserts that corporations are operated or ought to be operated for the benefit of all those who have a stake or part in the firm. Hence, like shareholders invest their money in enterprises, employees invest their time and intellectual capital, customers invest their trust and repeatedly businesses and communities provide infrastructure and education for future employees, (Waddock and Graves, 1997).

The theory confirms that business organizations must play an active role in the society in which they operate (Griffin and Mahon, 1997). Accordingly, to Wicks, Freeman, and Parmar (2014) stress that corporations should consider the effect of their actions on stakeholders who have an interest or "stake" in the corporations. Wearing (2005) provides that stakeholder theory stresses the importance of all parties, who are affected, either directly or indirectly, by a firm's operation. The stakeholder theory can also be explained using managerial and ethical branches (Deegan, 2013). The managerial branch theorizes that organizations will respond to those stakeholders who can have a necessary economic impact upon the organization or those who are not directly engaged in the organization's economic activities but have an interest in the actions of the organization and can influence it. On the other hand, the ethical branch simply provides that all stakeholders have a right to know about the social and environmental implications of an organization's operations at all times (Deegan, 2013).

Obligations to society, managerial processes, and social contracts are a few of the approaches that have been used to discuss CSR. The mainstream approach advocates that companies have obligations to stakeholders.
Stakeholder theory supports expanding the basis of corporate accountability in a way that fits quite closely with the principles of CSR; that is, companies do not need to focus on shareholder value maximization but rather on value creation for all stakeholders. The wider responsibility would cover CSR activities. Thus, the stakeholder theory is the most fitted theory to this study.

2.3 Empirical Review

Ikilidih, Dibua, and Onwu (2024) examined the effect of corporate social responsibility on financial performance of industrial goods firms in Nigeria. Specific objectives include to: determine the effect of corporate social responsibility costs on return on capital employed of listed industrial goods firms in Nigeria and ascertain the effect of corporate social responsibility costs on return on assets of listed industrial goods firms in Nigeria. Ex Post Facto research design was adopted for the study. A sample of twelve industrial goods firms listed on the Nigerian Exchange Group was used. Data were extracted from the annual reports and accounts of these firms from 2013 to 2022. The study employed the panel regression model in a bid to determine the association between CSR and financial performance. The results obtained from the study revealed that corporate social responsibility costs have not significantly affect return on capital employed of listed industrial goods firms in Nigeria; corporate social responsibility costs have significantly affected return on assets of listed industrial goods firms in Nigeria. Based on the findings, the study recommended among others that firms in Nigeria are yet to significantly use CSR to promote their performances like what is done by firms in developed economies.

Emamoke and Omodero (2024) examined the impact of corporate social responsibility on profit after tax, earnings per share and net asset per share of listed consumer goods firms in Nigeria. The study adopts ex-post facto research design. Data were collected from financial reports of five listed consumer goods firms in Nigeria for a period of 5 years from 2015 to 2019. The financial reports and the hypotheses were statistically analysed using the panel data regression analysis. The results revealed a positive but insignificant effect of corporate social responsibility on profit after tax, earnings per share and net asset per share. According to the findings of the study, corporate social responsibility requires more attention and commitment from corporations because it ensures benefits other than profits which in the end boost financial performance.

Yunusa, Jerry and Ayuba (2023) looked at how CSR affected listed consumer goods businesses in Nigeria's financial performance metrics based on accounting. All twenty (20) of Nigeria's publicly traded consumer goods firms made up the study's population and sixteen (16) of those companies made up the sampled population. The annual reports and accounts of the sampled companies for the years 2010 through 2019 were the source of secondary data used in the study. Using content analysis, the independent variable was corporate social responsibility. Financial performance as assessed by the ABFPM (ROA, ROE, and ROS) is the dependent variable. To examine the study's data, descriptive statistics, correlation analysis, and multivariate multiple regression were used. The study's findings showed that CSR and ABFPM of listed consumer goods firms in Nigerian have a substantial negative association. As a result, it is advised that businesses spend their earnings cautiously because CSR has a negative impact on ABFPM.

Abada, Ejiofor and Anumege (2023) examined the effect of corporate social responsibility on the price-earnings ratio of consumer good firms in Nigeria. The specific objective was to evaluate corporate social responsibility's influence on consumer goods firms' price-earnings ratio in Nigeria. The study adopted the Stakeholders theory as a theoretical framework. The study employed simple linear regression using panel data analysis to determine the influence of price-earnings ratio to CSR of consumer good firms for the period 2008-2017. The study results showed that corporate social responsibility has a significant and positive effect on the price-earnings ratio, while size has an insignificant effect on the sampled consumer goods firms in Nigeria. The recommendation regarding this study is that firms should engage in CSR activities to improve their image, goodwill, and profitability

Tran, Tran and Phan (2022) examine the association between corporate social responsibility (CSR) and earning management of listed Vietnamese companies. In their study, both accrual earning management (AEM) and real earning management (REM) are calculated every year from 2016 to 2020 while information on CSR is extracted from the top 100 sustainable businesses announced by the Vietnam Chamber of Commerce and Industry (VCCI). Using the Feasible Generalized Least Squares (FGLS) method, the study finds a negative relationship between CSR and earning management. They concluded that highly socially responsible firms are less likely to engage in earnings manipulation, for both AEM and REM.

Agubata(2021), examined the relationship between corporate social responsibility disclosure and the performance of money deposit banks listed on the Nigerian Exchange Limited. The study established three specific objectives which are the effect of community-related social responsibility disclosure, employee-related social responsibility disclosure and monetary values of social donations on the performance of the banks listed. An ex-post facto research design was adopted which allowed the generation of secondary data from the annual reports of the banks from 2011 to 2020 financial years. The panel data collected was tested to know the pattern of its distribution using descriptive statistics. Normality of the distribution of the data was tested using skewness and kurtosis. Panel data regression analysis was conducted where Hausman test was used to determine the better of fixed effect model and random effect model that is suitable for making inferences. The result of the random effect model indicated that all the variable measures of corporate social responsibility disclosure used do not have a significant effect on earnings per share of the banks sampled. The study however recommends that corporate social responsibility should be continued despite its non-significant effect on performance, to ensure the sustainability of the banks.

Martinez (2020) investigates the relationship between corporate social responsibility and earnings quality: evidence from commercial banks in Nigeria. Ex-post facto research design was adopted which allowed generation of secondary data from the annual reports of the banks from 2010 to 2021 financial years. The panel data collected was tested to know the pattern of its distribution using descriptive statistics. Panel data regression analysis was conducted where Hausman test was used to determine the better of fixed effect model and random effect model that is suitable for making inferences. The results indicate a positive association between CSR performance and earnings quality, suggesting that firms with stronger CSR practices tend to have higher earnings quality. The study recommended that Firms should prioritize CSR initiatives as they can contribute to enhance earnings quality and stakeholder trust. Commercial banks in Nigeria should continue their efforts in CSR to maintain their reputation and financial transparency.

Taylor (2020) investigates the relationship between corporate social responsibility (CSR) disclosure and earnings quality: evidence from commercial banks in Kenya. Using an ex-post facto research design, the researcher adopted secondary data from the annual reports of the banks from 2010 to 2018 financial years. The panel data collected was tested to know the pattern of its distribution using descriptive statistics. Panel data regression analysis was conducted where Hausman test was used to determine the better of fixed effect model and random effect model that is suitable for making inferences. The results suggest a positive association between CSR disclosure and earnings quality, indicating that firms with more transparent CSR reporting tend to have higher earnings quality. The study recommended that Firms should prioritize transparency in CSR disclosure to enhance earnings quality and build trust with stakeholders. Firms should continue their efforts in CSR disclosure to maintain and potentially improve their earnings quality.

Gherghina, Vintilă, and Dobrescu (2015) empirically evaluated the relationship between corporate social responsibility ratings and the market performance of U.S. listed companies from 2008 to 2011. The study employed Tobin Q as the measure for the dependent variable and three dimensions of the Corporate Social Responsibility Index (CSRI); Citizenship (the community and the environment), Governance (ethics and transparency) and Workplace practices. Panel data regression results showed that CSRI has a positive relationship with firm value.

Adeneye and Ahmed (2015) studied corporate social responsibility and company performance of firms in the UK. They employed CSR index as the independent variable and company performance measured by market to book value (MBV), company size (SIZE), and return on capital employed (ROCE) as the dependent variable. Analysis was done with correlation and regression and the result showed that MBV and CSR are positively and significantly related. Again, there is a positive insignificant relationship between size and corporate social responsibility.

Vujicic (2015) investigated the effect of Corporate Social Responsibility on stock returns of US stock-listed companies from year 2002 to 2004. The dependent variable was measured as Return on Asset. Social scores were obtained from Morgan Stanley Capital International - MSCI formerly KLD: Community, Employee Relations, and Environment. Ordinary least square regression was the method for his analysis. The study reveals that the KLD CSR score has a statistically significant negative impact on the firm performance.

Folajin, Ibitoye and Dunsin(2014) evaluated corporate social responsibility and organizational profitability with emphasis on the United Bank of Africa (UBA) in Nigeria from 2006 to 2012. The dependent variable was measured as net profit (NP) and corporate social responsibility (CSR) as the independent variable. Ordinary least square (OLS) regression analysis was employed and results indicate that CSR has an insignificant negative relationship with NP.

Odetayo, Adeyemi, and Sajuyigbe(2014) provided empirical evidence on the 'Impact of Corporate Social Responsibility on the Profitability of Banks in Nigeria. Data was analyzed with regression analysis and the result showed that an increase in expenditure on corporate social responsibility of banks has a significant positive impact on profitability.

2.4 Appraisal of Reviewed Literature

The body of literature examined offers a comprehensive look at the conceptual, theoretical, and empirical underpinnings of Corporate Social Responsibility (CSR) and its link to financial outcomes. Despite these insights, a critical evaluation highlights specific strengths and persistent inconsistencies that necessitate further research.

Conceptual Appraisal

Research has tracked CSR's transition from basic philanthropy to a vital pillar of strategic governance. Seminal works by Bowen (1953) and Carroll (1999) defined CSR as a moral imperative. Today, the focus has shifted toward transparency and sustainability reporting as tools for building legitimacy. However, much of this conceptualization remains normative. There is a notable lack of quantifiable frameworks specifically designed for emerging markets like Nigeria. Additionally, many studies treat CSR as a monolithic entity. This research intends to bridge that gap by deconstructing CSR into distinct, measurable variables such as community outreach, employee welfare, and environmental impact.

Theoretical Appraisal

This study utilizes **Signaling**, **Social Contract**, and **Stakeholder** theories. While Signaling Theory effectively explains how CSR reduces information gaps, it often ignores the direct costs of such investments. Social Contract Theory provides the philosophical "license to operate" but remains difficult to measure empirically. Stakeholder Theory is the most practical framework for value creation, yet it is frequently cited without measuring actual stakeholder feedback. In the Nigerian context, few studies integrate the signaling effects of disclosure with actual financial performance. This study addresses this by applying a panel regression framework to both CSR spending and disclosure metrics.

Empirical Appraisal

The empirical landscape remains fractured, with results categorized into three camps:

- **Positive Correlations:** Supported by Odetayo et al. (2014) and Gherghina et al. (2015).
- **Negative Correlations:** Observed by Yunusa et al. (2023).

- **Insignificant Results:** Noted by Emamoke & Omodero (2024).

These discrepancies likely stem from varying measurement proxies (index vs. expenditure), diverse performance indicators (ROA vs. Tobin's Q), and narrow sectoral focuses. Notably, Nigerian research is heavily weighted toward the banking sector, leaving consumer goods firms underrepresented. Many existing studies also rely on small samples or aggregate CSR data, which can obscure the impact of individual components. By focusing on the consumer goods sector and using disaggregated data, this study seeks to resolve these empirical ambiguities.

2.5 Gap in Literature

The empirical review revealed that scholars such as Ikilidih, Dibua, and Onwu (2024); Emamoke and Omodero (2024); Yunusa, Jerry and Ayuba (2023), Tran, Tran and Phan (2022) all carried out studies on different aspects of corporate social responsibility and earnings management of firms in different firms and countries of the world. The likes of Yunusa, Jerry and Ayuba (2023), sampled European companies from 16 countries while some sampled S & P 500 firms in PAN African setting. However, none of these studies combined corporate social donations, employee disclosure policy and community-related social responsibility disclosure policy as components of CSR as against earnings per share as component of financial performance. In order to have holistic understanding of how CSR affect financial performance, there is need to combine aforementioned variables as proxies for CSR and earnings management respectively. Therefore, the study aimed to fill in the gap in literature by examining in the effect of corporate social responsibility (corporate social donations, employee disclosure policy and community-related social responsibility disclosure policy) on financial performance (earnings per share).

Methodology

3.1 Research Design

This study made use of an ex-post facto research design. Ex-post facto is a systematic empirical enquiry in which the scientist does not have direct control of independent variables because they are inherently not manipulated. A content analysis of the annual reports of a cross-sectional sample of listed consumer goods firms with accounting period January to December for ten years ranging from 2015 - 2025 was conducted. Each annual report was carefully scrutinized and scored. The population of the study comprised all the twenty-one (21) listed consumer goods firms on the Nigeria Exchange Group as at December, 2025 as shown in the table below. Significant and relevant information were gleaned from the annual reports of these companies. The justification for this is that, information from one consumer good's firms cannot sufficient for a study of this magnitude to draw a conclusion. The study adopted the judgmental sampling technique to determine its sample size. Judgmental sampling is a non-probability sampling technique where the researcher selects units to be sampled based on his own existing knowledge, or his professional judgment. Given this, thirteen (13) listed consumer goods firms on the floor of Nigeria Exchange Group were selected. The selection criterion for these thirteen (13) listed firms was based on the disclosure and availability of required information on the financial statements concerning the study's timeframe (2015 - 2025). The list of the firms selected include PZ Cusson Nigeria Plc, Guinness Nigeria Plc, Nestle PLC, Nigeria Breweries Plc, Nascon Allied Industries Plc, N Nig. Flour Mills Plc, International Breweries Plc, Honeywell Flour Mill Plc, Flour Mills Nig Plc, Flour Mills Nig Plc, Dangote Sugar Refinery Plc, Champion Breweries Plc, Champion Breweries Plc, Cadbury Nigeria Plc, and BUA Foods Plc. Data were collected from annual reports and accounts of the selected consumer goods firms. The data collected includes; corporate social donation which was collected using monetary value reported in the financial statement of the firms, community-related disclosure policy and employee disclosure policy which were collected using content analysis. That is "1" if reported and "0" if not reported. The collected data also includes earnings per share which was collected using the monetary value reported in the financial statement. The data were collected for the period of 10 years ranging from 2015-2024.

3.2 Method of Data Analysis

Descriptive and inferential statistical techniques were used. The descriptive statistics was used to describe and summarize the data set and also to check the normality of the data set. Correlation matrix was also used to check the level of correlation between the variables, whether the variables are positively or negatively correlated, perfectly or imperfectly correlated. Finally, the study employed the panel data regression analysis model to understand the interaction among the variables and estimating the relevant data. Panel regression was used because the study involved the combination of cross sectional (13 listed consumer goods firms) and time series data (2015-2025).

3.6 Model Specifications and Operational Definition of Variables

The model for the study is stated as:

$$EPS_{it} = \beta_0 + B_1CRD_{it} + \beta_2EDP_{it} + \beta_3CSD_{it} + \mu_{it} \quad (1)$$

Where:

CRD= community-related social disclosure;
EDP = employee disclosure policy;
CSD = corporate social donations;
EPS = Earnings per share;
i = cross sections;
t = time effect;
β_o = intercept;
$\beta_1 – \beta_3$= Coefficients.

3.7Measurement of Variable
Table 3.7 Variable Measurement

Variable	Specification	Measurement
Corporate Social Donation	CSD	Social Donations in thousands is the monetary value reported in the annual report for gifts and donations. This may not be available for companies that do not disclose CSR monetary values in their annual report
Community-Related Disclosure Policy	CRD	CSR disclosure in dummy (1,0) is measured as "1" for companies that have a section in the Annual Reports for Community activities and "0" otherwise
Employee Disclosure Policy	EDP	Employee Disclosure in dummy (1,0) is measured as "1" for companies that have a section in the Annual Reports for human resources, employee training and employee relations and "0" otherwise
Earnings Per Share	**EPS**	Cash flow is the pattern of income (inflows) and expenses (outflows), and its consequences for how much money is available at a given time.

Decision rule
Reject the null hypothesis if the calculated significance level is less than 0.05, otherwise accept.

Data Presentation and Analysis
4.1 Data Presentation
The study focused on corporate social responsibility and earnings management of listed manufacturing firms in Nigeria. Corporate social responsibility was measured using community-related social disclosure (CRD), employee disclosure policy (EDP) and corporate social donations (CSD). However, earnings management was measured using earnings per share (EPS). The data for the variables were presented in appendix 1.
4.1.1 Descriptive Statistics
Table 4.1 Descriptive statistics
Source: Extracted from appendix 2

	EPS	CRD	CSD	EDP
Mean	98447.22	0.923077	115478.3	0.923077
Median	36186.22	1.000000	42077.00	1.000000
Maximum	2980038.	1.000000	3465160.	1.000000
Minimum	25.80000	0.000000	30.00000	0.000000
Std. Dev.	295906.8	0.267500	346863.2	0.267500
Skewness	7.629177	-3.175426	7.453430	-3.175426
Kurtosis	71.38411	11.08333	69.05178	11.08333
Observations	130	130	130	130

The data of the study data set was checked for its distribution pattern, thus , deployment of mean, maximum, and minimum standard deviation skewness and kurtosis. From Table 4.1 below, it was observed that earnings per share (EPS) has a mean value of ₦98,447,220, a maximum value of ₦2,980,038,000 and a minimum value of ₦28,000with a standard deviation of 295,906.8. These indices indicate that the companies sampled have a wide spread of EPS strength over the period and that the manufacturing companies that did not generate EPS above ₦98,447,220 were seen to have poorly performed in contrast with the industry average. The table shows that the firms disclosed their employee disclosure policy for 93% out of the total 130 firm-years observations. More so, the table indicates that the companies studied had disclosed employee-related responsibility on their financial statement for an average of 92.31% of the times covered. Hence, the figures proved that the firms had made adequate disclosures of their social responsibilities to the community and its employees accordingly.

4.3 Multicollinearity Test

From Table 4.2 below, which tested the level of relationships that exist among the independent variables, it was disclosed that the mean VIF of 1.10 is far less than the acceptable mean VIF of 10. Therefore, the study concludes that there is no problem of multicollinearity. According to Gujarati & Porter (2009), any variable having a variance inflation factor of more than 10 or a tolerance value of less than 0.1 is assumed to have a multicollinearity issue. As indicated in Table 4.2, EDP has the highest centered VIF of 1.0151, while CRD has the lowest value of 1.010693. The average centered VIF of the series is 1.012228. Similarly, tolerance value (TV) which ranges between 0.989 and 0.985, has an average value of 1.4819. These results established that the sequences used in the model do not have multicollinearity problems.

Table 4.2 Variance Inflation Factor

Variance Inflation Factors
Date: 12/07/25 Time: 23:12
Sample: 1 130
Included observations: 130

Variable	Coefficient Variance	Uncentered VIF	Centered VIF	Tolerance Value
C	61.02175	27.21663	NA	1.000000
CRD	31.91353	13.13900	1.010693	0.989420
CSD	1.90E-11	1.123806	1.010893	0.989224
EDP	32.05268	13.19629	1.015099	0.985126
Total			3.036685	2.9637700
Average			1.012228	1.4818850

Source: Extracted from appendix 3

4.4 Hausman Test

The Hausman test is a statistical test to select whether the most appropriate Fixed Effect or Random Effect model is used. The Hausman test is also referred to as a test for model misspecification (Beyer, 2002). It helps a researcher in panel data analysis to choose between a fixed effects model or a random effects model. The decision rule here is that if the p-value is less than 0.05, we reject the null hypothesis. Here, the null hypothesis is that the preferred model is random effects; while the alternate hypothesis is that the model is fixed effects. The decision rule is as follows:

H_0: Select Random Effect (RE) if the p-value is greater than 0.05 ($p > 0.05$).
H_1: Select Fixed Effect (FE) if the p-value is less than 0.05 ($p < 0.05$).

Table 4.3: Hausman Test Result

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	1.076129	1	0.2996

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
CSD	0.000000	0.000001	0.000000	0.2996

Source: Extracted from appendix 4
From the result above in Table 4.3, since the p-value = 0.2996> 0.05, we accept the null hypothesis; "the preferred model is random effects' rejecting the alternate hypothesis: "the model is fixed effects". We therefore conclude that the random effect specification is preferred for the model.

4.5 Regression Analysis
4.5.1 Effect of corporate social responsibility on earnings per share
In Table 4.4 below, the result showed that the model is statistically significant as revealed by the F-statistic of 3201.27 at a level of significance of 0.00000 is far below the 0.05 mark. This implies that the independent variables were correctly combined to explain the changes in the dependent variable. The adjusted R^2 well explains that a substantial amount of 98.67% of variations in the dependent variable is accounted for by the explanatory variables in the study.

Table 4.6: Panel EGLS Least Square regression result

Dependent Variable: EPS
Method: Panel EGLS (Cross-section random effects)
Date: 12/07/25 Time: 00:01
Sample: 2015 2024
Periods included: 10
Cross-sections included: 13
Total panel (balanced) observations: 130
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	19662.92	22052.57	0.891639	0.3743
CSD	0.849931	0.008709	97.58781	0.0000
EDP	-1459.347	15955.88	-0.091461	0.9273
CRD	-19518.66	15938.45	-1.224627	0.2230
		Effects Specification		
			S.D.	Rho
Cross-section random			11153.66	0.1033
Idiosyncratic random			32868.30	0.8967
		Weighted Statistics		
R-squared	0.987050	Mean dependent var		67116.35
Adjusted R-squared	0.986742	S.D. dependent var		284901.2
S.E. of regression	32804.79	Sum squared resid		1.36E+11
F-statistic	3201.266	Durbin-Watson stat		1.900952
Prob(F-statistic)	0.000000			
		Unweighted Statistics		
R-squared	0.986951	Mean dependent var		98447.22
Sum squared resid	1.47E+11	Durbin-Watson stat		1.748863

Source: Extracted from appendix 5

4.6 Hypotheses Testing of Model One (1)

4.6.1 Hypothesis One: There is no significant effect of corporate social donations on the earnings per share of listed consumer goods firms in Nigeria.

The result of the regression table above has it that the disclosure of amounts spent on social responsibility has a coefficient of 0.8499 which indicates that the disclosure of monetary values spent on donations and/or gifts has a positive association with the earnings per share of listed consumer goods firms in Nigeria. Its P-statistics of 0.0000 is lower than the critical value at the 5% level; hence the study rejects the null hypothesis and concludes that there is a significant effect of corporate social donations on the earnings per share of listed consumer goods firms in Nigeria. This finding agrees with the study conducted by Odetayo, Adeyemi, and Sajuyigbe (2014), which found that an increase in expenditure on corporate social responsibility of the banks has significant positive impact on the profitability of Nigerian banks. However, it is not in line with the findings of Agubata et al (2021), whose study found that corporate social donation does not significantly influence the performance of listed money banks in Nigeria.

4.6.2 Hypothesis Two: The Effect of Employee Disclosure Policy on Earnings Per Share of Listed Consumer Goods Firms in Nigeria is not significant.

From the result in Table 4.6, it was seen that employee disclosure policy has a coefficient of determination of -1459.347 and a P-value of 0.9273, which shows that a firm's employee disclosure policy has a negative effect on firm performance. Again, since the P-value is greater than the critical value at the 5% level, we accept the null hypothesis that posits that the effect of employee disclosure policy on earnings per share of listed consumer goods firms in Nigeria is not significant. This result agrees with the findings of Agubata et al (2021) whose study found that Employee disclosure policy does not significantly affect the performance of listed deposit money banks in Nigeria and the works of Gherghina, Vintilă, and Dobrescu (2015), which upholds that corporate social responsibility disclosure of workplace practice has a positive insignificant effect on US-listed firms' market performance.

4.6.3 Hypothesis Three: The Effect of Community-Related Social Responsibility Disclosure Policy does not significantly Affect the Earnings Per Share of Listed Consumer Goods Firms in Nigeria.
The result of the analysis indicated that corporate social donation has a regression coefficient of -19518.66 which shows that corporate social donation has a negative effect on earnings per share. The probability value of 0.22, which is greater than the critical value of 0.05, means that community-related social responsibility has no significant effect on earnings per share. Therefore, the study accepts the null hypothesis and concludes that the effect of community-related social responsibility disclosure policy does not significantly affect the earnings per share of listed consumer goods firms in Nigeria. This finding implies that community-related social responsibility disclosure policy does not determine the Earnings Management of listed consumer goods firms in Nigeria sampled, but it can provide them with a conducive atmosphere for their operations, from which performance can be improved. The study's finding agrees with that of Folajin, Ibitoye, and Dunsin (2014), who found that corporate social responsibility disclosure has no significant effect on the profitability of Banks in Nigeria.

Summary of Findings, Conclusion and Recommendations

5.1 Summary of Findings

Based on the findings of this study, it was established that:

i. There is a significant effect of corporate social donations on earnings per share of listed consumer goods firms in Nigeria.
ii. The effect of employee disclosure policy on earnings per share of listed consumer goods firms in Nigeria is not significant.
iii. The effect of community related social responsibility disclosure policy does not significantly affect earnings per share of listed consumer goods firms in Nigeria.

5.2 Conclusion

Categorically, the study through empirical approach examined the effects of three variables (corporate social donations (CSD), employee disclosure policy (EDP), andcommunity related social responsibility disclosure policy (CRD) on financial performance (proxied by earnings per share) of thirteen (13) Nigerian listed consumers goods companies. The research ex-rayed the financial reports of selected consumers goods companies from2015-2024 based on information disclosure. To test all the six hypotheses formulated respectively, a panel estimated generalized least square (Panel-EGLS) regression was used as an analytical technique using E-views version 12. Results from hypothesis one revealed that there is a significant effect of corporate social donations onthe earnings per share of listed consumer goods firms in Nigeria. Result from hypothesis two revealed that the effect of employee disclosure policy on earnings per share of listed consumer goods firms in Nigeria is not significant. Finally, result from hypothesis three revealed that the effect of community related social responsibility disclosure policy does not significantly affect earnings per share of listed consumer goods firms in Nigeria.

5.3 Recommendations

In line with the outcomes of the study, it is recommended that:

i. Consumer goods firms should continue with their corporate social donation'sefforts, although it has insignificant effect on their financial performance, but prepares a ground for their operations.
ii. Consumer goods firms are encouraged to continue to with theiremployee disclosure policy, as this will strengthen the confidence of their existing and potential customers.
iii. Consumer goods firms maintain their community related social responsibility disclosure policy since it has no adverse effect on the earning management of consumer goods firms in Nigeria.

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