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RELATIONSHIP BETWEEN PROFIT AFTER TAX AND CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE IN SELECTED BANKS AND MANUFACTURING FIRMS IN NIGERIA

This is a comparative study of the effect of Profit After Tax (PAT) on Corporate Social Responsibility (CSR) expenditure in selected banks and manufacturing firms in Nigeria. A survey research design was used while a purposive sampling method was employed to select ten organizations. Specifically, a longitudinal survey research design was used for the study. This approach was chosen based on the purposes, nature and the variables that were examined. The data collected and analyzed through content analysis helped to reveal trends or changes in the subjects over the period of time under study. Secondary data were garnered from annual reports and accounts of selected companies for a decade, i.e. 2010 to 2019. Inferential statistics was used to analyse the data while the hypotheses were tested by correlation, ANOVA, and Pooled Ordinary Least Square (OLS). Result shows $F = 35.37$ and $p = 0.043$. Since pvalue is less 0.05, the f-statistics is significant. Hence, there is a significant difference between PAT and CSR expenditure in selected organizations. The study recommends that there should be an adjustment to the existing tax law in the country so that all expenditure on all form of CSR initiatives could be classified as tax deductible expenses.

Key words: corporate social responsibility, profit after tax, commercial banks, manufacturing firms, Nigeria.

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Нигериядағы банктер мен өндірістік компаниялардағы салықтан кейінгі пайда мен корпоративті әлеуметтік жауапкершілік шығындары арасындағы байланыс

Бұл Нигериядағы таңдалған банктер мен өндірістік компаниялардағы салық салудан кейінгі пайданың (PAT) корпоративті әлеуметтік жауапкершілік (CSR) шығындарына әсерін салыстырмалы түрде зерттеу. Сауалнамалық зерттеу әдісі қолданылды, ал он ұйымды таңдау үшін мақсатты іріктеу әдісі қолданылды. Атап айтқанда, зерттеу үшін бойлық зерттеу жоспары қолданылды. Бұл тәсіл мақсаттарға, сипатқа және қызығушылықтың айнымалыларына байланысты таңдалды. Мазмұнды талдау арқылы жинақталған және талданған мәліметтер зерттелетін уақыт кезеңіндегі айнымалылардың трендтерін немесе өзгеруін анықтауға көмектесті. Екінші деңгейлі деректер таңдалған компаниялардың жылдық есептері мен шоттарынан онжылдыққа, яғни 2010 жылдан 2019 жылға дейін жиналды. Деректерді талдау үшін логикалық статистика әдісі қолданылды, ал гипотезалар корреляция, ANOVA және жинақталған ең кіші квадраттар (OLS) әдістері арқылы тексерілді. Нәтиже $F = 35.37$ және $p = 0.043$ көрсетеді. p -мәні 0,05-тен аз болғандықтан, f -статистикасы маңызды. Демек, жеке ұйымдарда PAT және CSR шығындары арасында айтарлықтай айырмашылықтар бар. Зерттеу корпоративті әлеуметтік жауапкершілік бастамаларының барлық түрлерінің шығындары шегерілетін шығыстар ретінде жіктелуі үшін елдің қолданыстағы салық заңнамасына түзетулер енгізуді ұсынады.

Түйін сөздер: корпоративті әлеуметтік жауапкершілік, салықтан кейінгі пайда, коммерциялық банктер, өндірістік фирмалар, Нигерия.

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Взаимосвязь между прибылью после уплаты налогов и расходами на корпоративную социальную ответственность в отдельных банках и производственных компаниях Нигерии

Это сравнительное исследование влияния прибыли после налогообложения (PAT) на расходы на корпоративную социальную ответственность (CSR) в отдельных банках и производственных компаниях в Нигерии. Был использован опросный метод исследования, также метод целевой

выборки был использован для отбора десяти организаций. В частности, для исследования был использован план продольного исследования. Этот подход был выбран на основе целей, характера и исследуемых переменных. Данные, собранные и проанализированные с помощью контент-анализа, помогли выявить тенденции или изменения в испытуемых за исследуемый период времени. Вторичные данные были собраны из годовых отчетов и счетов выбранных компаний за десятилетие, то есть с 2010 по 2019 год. Для анализа данных использовалась логическая статистика, в то время как гипотезы проверялись с помощью корреляции, ANOVA и объединенных методов наименьших квадратов (OLS). Результат показывает $F = 35,37$ и $p = 0,043$. Поскольку p -значение меньше $0,05$, f -статистика значима. Следовательно, существует значительная разница между расходами PAT и CSR в отдельных организациях. В исследовании рекомендуется внести поправки в действующее налоговое законодательство страны, чтобы все расходы на все формы инициатив в области корпоративной социальной ответственности можно было классифицировать как расходы, вычитаемые из налогооблагаемой базы.

Ключевые слова: корпоративная социальная ответственность, прибыль после налогообложения, коммерческие банки, производственные фирмы, Нигерия.

Introduction

According to experts, society's expectations from the business have increased in recent years (D'Amato et al., 2009). The responsibilities of business organizations to the host community of their operations are more important now than before (Ojo, 2015; Idowu & Ojo, 2016; Ojo & Abolade, 2018). The role of business organizations in contemporary society has placed more pressure on organizations to become more accountable to stakeholders (Aras & Crowther, 2009). As a result of this, stakeholders are demanding that businesses should function responsibly. Corporate Social Responsibility (CSR) has become an important part of Nigerians corporate operation over the past decade (Ojo, 2019). Many firms in Nigeria have recently increased their investment in CSR. Also, many other organizations do publish detailed information about their CSR initiatives on yearly basis in their Annual Reports and Accounts. Despite the growing importance of CSR activities in Nigeria, the questions of how much of the Profit After Tax (PAT) managers invest in CSR activities are subject to much debate. This is so because of the mixed results from previous studies on the relationship between PAT and corporate expenditures in CSR activities (Cannon, 1994). The general feeling is that adequate attention to CSR research is lacking in developing countries. Hardly did any research try to find out comparatively the proportion of profit after tax invested in CSR activities of commercial banks and manufacturing firms in Nigeria. It would appear therefore that CSR practices of Nigerian firms are not well researched. The existing literature revealed few empirical studies on CSR in Nigeria and the majority of them concentrated on multinational oil companies in the Niger Delta (Amaeshi et al., 2006). Due to the paucity of research on CSR initiatives of commercial banks and manufacturing firms in Nigeria, this study examined the issues

raised above as they relate to the practice of CSR by selected commercial banks and manufacturing firms operating in Nigeria. The CSR initiatives and activities of selected commercial banks were compared and contrast with the CSR initiatives, practices and activities of selected manufacturing firms. In addition, the practice of CSR and its effect on FP in the context of Nigeria in form of comparative analysis between different industries has not been investigated by previous empirical studies. Thus, there is a scarcity of empirical research on the issue of the type of relationship that can be discovered to exist between CSR expenses from profit after tax in selected commercial banks and manufacturing firms in Nigeria. This research study filled this identified gap.

Literature Review

Conceptual Definition of Corporate Social Responsibility

An important challenge with the conceptualization of CSR is that there is no single definition that has been agreed upon universally by experts. The growing academic research on CSR has also contributed to the extension of the array of definitions of CSR (Blowfield & Murray, 2008). CSR is a puzzling phenomenon as Crane, McWilliams, Matten, Moon and Siegel (2008) acknowledge that even though CSR has been studied for a long period of time, researchers are yet to find a common definition for it. Nevertheless, despite the degree of ambiguity and inconsistency, CSR has become a major area of research and agrees upon certain aspects of what CSR means (Crane et al., 2008). Different authors have defined CSR differently. In addition, a number of these descriptions are inescapably guided by many factors such as exposure, interest, educational background and values embodied in the writer's frame of reference (Ojo et al., 2020). Even though CSR is defined in numerous ways, many business

people have embraced its concept for a long period of time in the past. However, much consensus is yet to emerge about what CSR really stands for (Carroll & Buchholtz, 2000). There is a general lack of a clear paradigm for CSR research, which means CSR is broad, diverse and has views from many disciplines, perspectives and ideologies.

CSR concept is based on the premise that the responsibility of business organizations to society is more than maximization of profit. Despite the fact that many definitions of CSR are available, Luttans and Hodget (1976) note that a generally accepted way of describing social responsibility is the obligation of the business managers to society. According to Jones and George (2003), social responsibility refers to a manager's duty to make decisions and take actions that enhance and promote the welfare of all types of stakeholders and the community at large. The European Commission (2001) defines CSR as a concept in which a company integrates social and environmental obligations in the operations of their business with the sole aim of interacting with the stakeholders in such a way the mutual interaction subsists between the organization and the society and that sustainable business success can emanate from responsible behaviour.

One significant and integral part of the corporate social responsibility of organization is to make a positive impact that is meaningful and can reduce negative influence on society. However, only voluntary actions are qualified to be described as responsible actions (Kreitner, 1995). In line with the definitions given above, the listed elements of CSR can be identified and defined as:

- Voluntary commitment by business organizations.
- Voluntary action goes beyond what statutory obligation prescribed by the law
- It is aimed at improving the lots of society and the stakeholders.
- It must be in consonance with applicable law and international norms.

Drivers of Corporate Social Responsibility

There are two major approaches in the literature about factors that made business organizations involved in CSR. The first approach considers CSR as been driven internally by management and the second approach considers CSR as been driven externally by forces outside the organization. The combined effect of these factors, either internal or external, is that they are changing the dynamic business environment by empowering the position of all organizational stakeholders. The factors that have served as drivers or motivators of CSR are well detailed in the following paragraphs.

Changing Social Expectations: Changes in social expectations of all stakeholders especially the customers have led consumers today to be demanding more than just tangible products. The increased cut-throat competition among various organizations has put pressure on companies to create other values to their product or service than just the quality and price worthiness they offer. The change in social expectations of customers as resulted in organization's placing a higher value on intangible assets of the product or service such as goodwill and brand name, in order for the company to be perceived as a responsible one (Jackson in Brown, 2005).

Employees' Perspective: Löhman and Steinholz (2003) stress the importance of employees as an important motivators of CSR. Employees would prefer to be employed in a company that has a high reputation for treating their staff in an uncommon way, and most employees will wish to know that what they are doing has a meaning and it's worthwhile. Studies have proved that prospective employees are more attracted to organizations that are socially responsible. Besides, employees gain satisfaction and improved morale when the company they work for contributes to alleviating societal problems (Cushman, 1989).

Increasing Consumers Influence and Affluence: According to a number of studies in recent years, consumers are increasingly concerned with issues in their environment, and they also have a greater expectation for business organizations to be socially responsible (Frederick, 2006). This increase in customer awareness can trigger their willingness to pay a high price for a product produced by a socially responsible company. This is especially due to the fact that the increased affluence enjoys by customers allows them to have a long-term mutual relationship with the company and buy products that save money in the long run.

Managers' Values: Other important drivers of CSR in many companies are the personal values and attitudes of business leaders and managers. Evidence shows that many social responsibility initiatives simply arise because managers feel that it is one of their moral obligations to act in such a way that companies create positive social change in their operating milieu. Some researchers link ethical conduct to the principles of managers' moral (Wood, 1991; Hemingway & Maclagan, 2004). Middle managers too, are often the socially-responsible change agents, even without the support of top management.

Increasing Institutional Attention to CSR: Several international organizations around the world are incorporating the concept of CSR as a subject

for promoting initiatives for increasing business and public awareness of and engagement in CSR issues. Such institutions promoting CSR activities include members of international development agencies like the World Bank, the United Nations Organization, and some NGOs such as WBCSD, Ethos Institute, and the African Institute of Corporate Citizenship (Goddard, 2005).

The situations discussed above produce a favorable framework for CSR development among many companies. Many companies, particularly large scale organizations, are using different methods in dealing with CSR issues. These include conducting their activities in line with the established standards, policies and codes of conduct, and also making available their sustainability reports in their published annual reports and account as well as their financial statement at the end of each accounting year.

Methodology

Research Design: Survey research design was adopted for this study. Specifically, a longitudinal survey research design was used for the study. This approach was chosen based on the purposes, nature and the variables that were examined. The data collected and analyzed through content analysis helped to reveal trends or changes in the subjects over the period of time under study. The content analysis relied on the financial data from selected organizations' annual report and accounts used to calculate the ratios or values that reflected the CSR activities of the selected companies. Variables in the content analysis were selected in line with the objective of the study. In order to reduce the subjective influence, the researcher selected the variables which were directly related to profit after tax and CSR. The research design chosen was perceived as a good one because it helped in identifying the relationship between profit after tax and CSR investments (Ojo, 2003).

Study Area: Lagos in the South-West of Nigeria was chosen as the study area. The choice of Lagos stems from the fact that there is a concentration of commercial banks and industrial activities in Lagos. Commercial bank operations and patronage are common features. In addition, there is a concentration of manufacturing firms in Lagos. In fact, all commercial banks operating in Nigeria transact business in Lagos State and that 95.24 percent, that is twenty (20) out of twenty-one (21) commercial banks operating in Nigeria have their corporate headquarters offices located in Lagos, the commercial and economic centre of Nigeria (Ojo, 2017).

Study Population: The study population was divided into two sectors. The first sector consists of the commercial banks operating in Nigeria while the second sector consists of manufacturing firms in Nigeria. This study covered commercial banks operating in Nigeria on 31st December, 2019. The first sector of the study population was limited to five commercial banks that were adjudged to be controlling 60 percent of the banking sector's assets in Nigeria, according to The Banker (2013). The top five banks in alphabetical order are Access Bank PLC., First Bank of Nigeria PLC., Guaranty Trust Bank PLC., United Bank for Africa PLC., and Zenith Bank PLC. Also, the aforementioned banks have disclosed their CSR activities continuously in the last ten years, that is, from 2010 to 2019. The second sector of the study population is the manufacturing sector. The case study companies were chosen from Conglomerates and Food/Beverages groups. Five manufacturing firms were selected from the manufacturing sector. The companies chosen are Cadbury Nigeria PLC., Flour Mills of Nigeria PLC., Nestle Nigeria PLC., UAC of Nigeria PLC., and Unilever Nigeria PLC. These organizations (five commercial banks and five manufacturing firms) were selected using purposive sampling. Some of the reasons for the choice of the above mentioned organizations are that they have contributed a lot to the development of the country through their organizational prowess and that they have detailed disclosure of their CSR activities between the study period, 2010 and 2019.

Source of Data: The major source of data for this study is secondary data that were garnered from the published Annual Reports and Accounts of the selected organisations from 2010 to 2019. Hughes et al. (2001) cite the frequent use of annual reports in CSR studies. Also, the choice of corporate annual report and accounts as a principal focus of data collection arises since these sources are widely viewed as a major official and legal data source for organizations (Gray et al., 1996).

Method of Data Analysis: The most common method of analysing a company's CSR initiatives has been the measuring of its CSR disclosure in the annual report and accounts using the content analysis technique (Hackston & Milne, 1996; Milne & Adler, 1999; Patten, 1991). This is because it allows CSR disclosure to be systematically classified and compared, which is useful for determining trends, making replicable and valid inferences from collected data. Data that were collected were analysed with the aid of inferential statistics while the hypothesis was tested by

correlation, ANOVA, as well as Pooled Ordinary Least Square (OLS).

Research Question: Is there any relationship between profit after tax and expenditure on CSR of commercial banks and manufacturing firms in Nigeria?

Research Hypothesis: Ho: There is no significant difference between profit after tax and expenditure in CSR of commercial banks and manufacturing firms operating in Nigeria.

Results and Discussion

Ho: There is no significant difference between profit after tax and expenditure in CSR of commercial

banks and manufacturing firms operating in Nigeria.

As shown in Table 1, ($F = 35.37, p = 0.043$). Since p-value is less 0.05, then F- statistics is significant. Hence, there is a significant difference between profit after tax and expenditure in CSR of commercial banks and manufacturing firms. Hence, it can be concluded that profit after tax and expenditure in CSR differs between commercial banks and manufacturing firms. Thus, the null hypothesis that says that there is no significant difference between profit after tax and expenditure in CSR of commercial banks and manufacturing firms is rejected. The alternative hypothesis which says that there is a relationship between profit after tax and expenditure in CSR is formulated and accepted.

Table 1 – Model Summary for Hypothesis

ANOVA	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	46283.000	98	47227.000	35.37	0.043
Within Groups	14080.000	1	14083.000		
Total	46280.000	99			
$F_{1,98} = 35.37, p < 0.05$					
Note – compiled by authors					

Table 2 – Relationship Between Profit After Tax and Expenditure in Corporate Social Responsibility of Commercial Banks and Manufacturing Firms

Dependent Variable: PAT				
Method: Pooled Least Squares				
Sample: 2010-2019				
Included observations: 20				
Cross-sections included: 2				
Total pool (balanced) observations: 40				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
ICSR	22.32647	6.188260	3.607876	0.0009
NE	1202731.	311370.0	3.862707	0.0004
FZ	-1.34E+08	1.60E+08	-0.838929	0.4069
R-squared	0.428839	Mean dependent var		5.07E+09
Adjusted R-squared	0.397965	S.D. dependent var		5.66E+09
S.E. of regression	4.39E+09	Akaike info criterion		47.31560
Sum squared resid	7.13E+20	Schwarz criterion		47.44226
Log likelihood	-943.3119	Hannan-Quinn criter.		47.36139
Durbin-Watson stat	1.959877			
Note – compiled by authors				

By applying conventional criteria, the results of the pooled regression shown that all the coefficients are individually statistically significant, the slope

coefficients have the expected positive signs and the R^2 value of 0.428839 is coefficient of determination. This measures the proportion of

changes in the dependent variable that could be explained by the independent variable. Hence, the explanatory variables explain 42.9% of changes in the dependent variable. As expected, Profit After Tax (PAT) is positively and significantly related to Investment in Corporate Social Responsibilities (ICSR) and Number of Employees (NE) but negatively related to Firm Size (FZ). In the long-run therefore, a unit increase in investment in CSR will generate about 22.32647 percent increase in profit after tax which will by extension, lead to the increase in FP in Nigerian banks and manufacturing firms. The estimated Durbin–Watson statistic of 1.96 is quite high, suggesting that perhaps

there is no autocorrelation in the data or errors of the variable specification. For instance, the estimated model assumes that the intercept value of commercial banks and manufacturing firms are the same. It also assumes that the slope coefficients of the independent variables are all identical for both sectors. Obviously, these are highly restricted assumptions. Therefore, despite the simplicity of the pooled regression, the true picture of the relationship between the dependent variable PAT and the three independent variables ICSR, NE and FZ may be distorted across the two sectors. Hence, there is a need to find a way to account for the specific nature of the two sectors.

Table 3 – Pooled Least Square Results with the Fixed Effects

Dependent Variable: PAT Method: Pooled Least Squares Sample: 2010-2019 Included observations: 20 Cross-sections included: 2 Total pool (balanced) observations: 40				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.79E+09	1.67E+09	2.872537	0.0069
ICSR	17.46233	6.218223	2.808251	0.0081
NE	875957.5	313686.0	2.792466	0.0084
FZ	-6.42E+08	2.30E+08	-2.787961	0.0085
Fixed Effects (Cross)				
_COM—C	-4.06E+08			
_MAN—C	4.06E+08			
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.538866	Mean dependent var		5.07E+09
Adjusted R-squared	0.486165	S.D. dependent var		5.66E+09
S.E. of regression	4.06E+09	Akaike info criterion		47.20161
Sum squared resid	5.76E+20	Schwarz criterion		47.41272
Log likelihood	-939.0323	Hannan-Quinn criter.		47.27794
F-statistic	10.22497	Durbin-Watson stat		2.055967
Prob (F-statistic)	0.000014			
Note – compiled by authors				

Comparing the pooled regression with the result of the fixed effects; all the estimated coefficients are individually highly significant as the p-values of the estimated t coefficients are extremely small. The t values are for ICSR, NE and FZ are 2.8, 2.79 and 2.78 respectively. The R² has increased

to 53% while the estimated Durbin–Watson statistic increased to 2, indicating the absence of Miss Specification errors. These differences in the intercepts may be due to the unique features of each sector, such as differences in management styles or managerial talents.

Table 4 – Pooled Least Squares Results for Commercial Banks

Dependent Variable: PAT				
Method: Pooled Least Squares				
Sample: 2010-2019				
Included observations: 20				
Cross-sections included: 2				
Total pool (unbalanced) observations: 35				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
ICSR	15.28037	6.395469	2.389249	0.0232
NE	933074.5	332953.6	2.802416	0.0087
FZ	-1.24E+08	1.69E+08	-0.731173	0.4702
DUMB	3.54E+09	1.32E+09	2.691682	0.0114
R-squared	0.553751	Mean dependent var		5.39E+09
Adjusted R-squared	0.510565	S.D. dependent var		5.92E+09
S.E. of regression	4.14E+09	Akaike info criterion		47.23522
Sum squared resid	5.33E+20	Schwarz criterion		47.41297
Log likelihood	-822.6163	Hannan-Quinn criter.		47.29658
Durbin-Watson stat	1.986298			
Note – compiled by authors				

The results of the pooled regression, and applying the conventional criteria, showed that all the coefficients are individually statistically significant. The slope coefficients have the expected positive signs and the R² value measures the proportion of changes or variations in the dependent variable that could be explained by the independent variable. From the above table, the explanatory variables explained 55.6% of changes in the dependent variable. Profit after tax is positively and significantly related to

investment in corporate social responsibilities (ICSR) and the number of employees (NE) but negatively related to firm size (FZ). In the long-run therefore, a unit increase in investment CSR will generate about 15.28037 percent increase in profit after tax which will by extension, lead to increase in FP of commercial banks in Nigeria. The estimated Durbin-Watson statistic of 1.99 is quite high, suggesting that perhaps there is no autocorrelation in the data or no mix specification errors.

Table 5 – Pooled Least Squares Results for Manufacturing Firms

Dependent Variable: PAT				
Method: Pooled Least Squares				
Sample: 2010-2019				
Included observations: 20				
Cross-sections included: 2				
Total pool (balanced) observations: 40				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
ICSR	17.06534	7.045942	2.422010	0.0206
NE	1102645.	313751.6	3.514389	0.0012
FZ	4.23E+08	4.07E+08	1.040008	0.3053
DUMM	-4.54E+09	3.06E+09	-1.484646	0.1463
R-squared	0.461791	Mean dependent var		5.07E+09
Adjusted R-squared	0.416941	S.D. dependent var		5.66E+09
S.E. of regression	4.32E+09	Akaike info criterion		47.30617
Sum squared resid	6.72E+20	Schwarz criterion		47.47506
Log likelihood	-942.1234	Hannan-Quinn criter.		47.36724
Durbin-Watson stat	1.906395			
Note – compiled by authors				

The results of the pooled regression for manufacturing organizations showed that the coefficients of CSR and NE are individually statistically significant while that of firm size is not. The slope coefficients of CSR and NE have the expected positive signs and the R^2 value of 0.461791 from Table 5 shows that the explanatory variables explain 46.2% of changes in the dependent variable. Profit after tax is positively and significantly related to investment

in corporate social responsibilities (ICSR) and the number of employees (NE) but negatively related to firm size (FZ). In the long-run therefore, a unit increase in investment in CSR will generate about 17.06534 percent increase in profit after tax which will by extension, lead to the increase in FP in manufacturing firms. The estimated Durbin–Watson statistic of 1.91 is quite high, suggesting that perhaps there is no autocorrelation in the data or no mix specification errors.

Table 6 – Fixed Effect Results for Commercial Banks

Dependent Variable: PAT Method: Pooled Least Squares Sample: 2010-2019 Included observations: 20 Cross-sections included: 2 Total pool (unbalanced) observations: 35				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.42E+09	4.53E+09	0.313128	0.7564
ICSR	14.40323	7.627856	1.888241	0.0690
NE	932868.9	343931.4	2.712369	0.0111
FZ	-2.75E+08	5.55E+08	-0.494993	0.6243
DUMB	2.62E+09	3.43E+09	0.762555	0.4519
Fixed Effects (Cross)				
_COM—C	-4.20E+08			
_MAN—C	5.60E+08			
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.561658	Mean dependent var	5.39E+09	
Adjusted R-squared	0.486081	S.D. dependent var	5.92E+09	
S.E. of regression	4.25E+09	Akaike info criterion	47.33162	
Sum squared resid	5.23E+20	Schwarz criterion	47.59826	
Log likelihood	-822.3034	Hannan-Quinn criter.	47.42367	
F-statistic	7.431669	Durbin-Watson stat	1.975939	
Prob (F-statistic)	0.000136			
Note – compiled by authors				

Comparing the pool regression with the result of the fixed effects, the estimated coefficients ICSR and NE are individually highly significant while that of firm size showed a negative relationship with profit after tax. In the long-run therefore, a unit increase in investment in CSR will generate about 14.40323 percent increase in profit after tax which by extension, will lead to the increase in FP of commercial banks in Nigeria. The R^2 has increased to 56% while the estimated Durbin–Watson statistic is 1.98, indicating the absence of Miss Specification errors. These differences in the intercepts may be

due to the unique features of each organization, such as differences in management styles or managerial talents.

Comparing the pool regression with the result of the fixed effects; the estimated coefficients ICSR and NE are individually highly significant while that of firm size showed a negative relationship with profit after tax. In the long-run therefore, a unit increase in investment in CSR will generate about 14.51119 percent increase in profit after tax which by extension, will lead to the increase in FP in manufacturing firms. The R^2 has increased

to 0.086118 while the estimated Durbin–Watson statistic is 2.0, indicating the absence of Miss Specification errors. These differences in the

intercepts may be due to unique features of each industry, such as differences in management styles or managerial philosophy.

Table 7 – Fixed effect results for manufacturing firms

Dependent Variable: PAT				
Method: Pooled Least Squares				
Sample: 2010-2019				
Included observations: 20				
Cross-sections included: 2				
Total pool (balanced) observations: 40				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.33E+09	1.77E+09	2.453609	0.0194
ICSR	14.51119	7.199278	2.015645	0.0518
NE	859885.9	315731.7	2.723470	0.0101
FZ	-2.78E+08	4.98E+08	-0.558371	0.5803
DUMM	-2.57E+09	3.12E+09	-0.824656	0.4153
Fixed Effects (Cross)				
_COM--C	-5.21E+08			
_MAN--C	5.21E+08			
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.547909	Mean dependent var	5.07E+09	
Adjusted R-squared	0.481425	S.D. dependent var	5.66E+09	
S.E. of regression	4.08E+09	Akaike info criterion	47.23181	
Sum squared resid	5.65E+20	Schwarz criterion	47.48514	
Log likelihood	-938.6362	Hannan-Quinn criter.	47.32341	
F-statistic	8.241214	Durbin-Watson stat	2.002951	
Prob (F-statistic)	0.000035			
Note – compiled by authors				

Conclusion

This research study compared the relationship between profit after tax and expenditure on corporate social responsibility in selected commercial banks and manufacturing firms in Nigeria. The specific objective was the determination of the relationship between profit after tax and expenditure in CSR of commercial banks and manufacturing firms operating in Nigeria. The research finding has shown that there is a significant difference ($F= 35.37$ and $P< 0.05$) between profit after tax and expenditure in CSR of commercial banks and manufacturing firms. Hence, it can be concluded that profit after tax and expenditure in CSR differs between commercial banks and manufacturing firms. Thus, the null hypothesis was rejected and the alternative hypothesis which says that there

is a significant difference between profit after tax and expenditure in corporate social responsibility is formulated and accepted. CSR has gained much popularity in corporate Nigeria of today. Many firms have identified with the concept, and have demonstrated what CSR means to them and their stakeholders in their investment in CSR initiatives and the execution of several projects and programmes targeted at improving a lot of their host communities. This is evidenced in their published annual report and accounts where their CSR activities were well spelled out. At present, Nigerian corporate establishments have begun to take CSR activities more seriously as there have been steady increases in many corporate investments in CSR initiatives over the past few years. A review of the literature on CSR reveals that CSR activities are important tools that can make organizations

visible in the environment where they operate. In addition to this, CSR initiatives also serve as channels through which corporate organizations impact positively on their environment and by doing so, it creates goodwill and public image as well as meet public expectations of their stakeholders. This study recommends that (1) Corporate organizations

that are yet to be socially responsible should have a rethink of their activities and embrace CSR in its entirety as it increase public image of organization. (2) There should be adjustment to the existing taxation law in the country so that all expenditure on all forms of CSR initiatives could be classified and tagged as tax-deductible expenses.

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