

Corporate Social Responsibility and Financial Performance of Banks: Evidence from Listed Deposit Money Banks in Nigeria.

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Abstract

The study examined the influence of corporate social responsibility (CSR) on the financial performance of listed deposit money banks in Nigeria from 2014 to 2023. The study was anchored on Stakeholders' Theory, which highlights the importance of meeting the needs of all stakeholders. The research employed an ex-post facto design to evaluate pre-existing data. Secondary data were sourced from the annual reports and accounts of six (6) selected banks Zenith, GTB, UBA, Eco, Fidelity, and Union Bank listed on the Nigerian Exchange Group (NGX). Panel data analysis was utilized to evaluate the impact of various CSR expenditures on financial performance. The findings indicted that educational expenditure positively influenced the financial performance of the banks, suggesting that investments in educational CSR initiatives yield beneficial returns. Conversely, charitable expenditure did not show a statistically significant impact on financial outcomes, implying limited direct financial benefits. Health and medical expenditures were associated with a significant negative effect on financial performance, indicating possible inefficiencies in such investments. Based on these outcomes, it is recommended that banks continue to invest in educational CSR programs, as these initiatives improve financial performance and corporate reputation. Charitable CSR activities should be reviewed and potentially restructured to align with strategic goals. Additionally, banks should critically evaluate health and medical expenditure to optimize their impact on profitability and ensure more effective resource allocation.

Keywords: Corporate Social Responsibility, Financial Performance, Charity, Education, Health, Stakeholder.

INTRODUCTION

Corporate entities operate within an environment that encompasses various factors that are social, economic, legal, cultural, ecological, technological, and political. Similar to human beings, banks interact with and influence their business environment. As responsible corporate citizens, they are expected to operate in compliance with laws and regulations and maintain a positive relationship with their environment in order to achieve their long-term goals and objectives efficiently. This obligation confers upon them the responsibility to engage in social responsible practices within the society in which they operate (Etale, & Levi-Owonaro, 2023).

Corporate social responsibility (CSR) encompasses the societal expectations placed on business firms, which involve investments made by Banks to improve the communities they operate in through donations, provision of infrastructure, advocacy campaigns, and other activities. CSR involves integrating social and environmental issues into business decision making and operations voluntarily. It includes economic, legal, ethical, and discretionary responsibilities for firms to make profits responsibly, comply with regulations, act ethically and fairly towards stakeholders, and share resources for the benefit of society (Usman, 2020).

In Nigeria today, like in other jurisdictions such as the United States, United Kingdom, corporate social responsibility reporting is not compulsory; but voluntary and encouraged (Ibrahim & Hamid, 2019). Hence since there are no legal frameworks in Nigeria, Banks are not mandated to report their CSR activities. However, an increasing number of Banks have continually included in their annual financial reports, a section that describes their CSR policies and programs; that show their commitments to their host communities, society and environment at large. In a bid to ensure that corporate bodies who do businesses in Nigeria try to be socially responsible, the Federal Government through its agencies such as; Standards Organization of Nigeria (SON), The Nigerian Local Content Development Board, the National Agency for Food, Drugs Administration and Control (NAFDAC), the National Economic Empowerment Development Strategies (NEEDS), the Consumers Protection Council (CPC), enjoins corporate bodies to do the needful by not only improving their products quality but also improvement in quality of the lives of their host communities, which includes (but not limited to) employment of people from their host communities. These have enhanced their ability to operate smoothly and survive in any environment.

On the other hand, business entities cannot be sustained unless they make profit. Arguably, the more profit they make largely determines how well and how long they are going to last in the market, in the midst of stiff competition and ever-increasing market complexities. An entity's profit after tax, commonly used as a measure of financial performance, is viewed as the profit after the deduction of all known expenses. It's a measure which reveals the firm's ability to generate positive net profit after the payment of all expenses relating to the period (Nangih, Onuora & Ofor, 2020).

The relationship between corporate social responsibility (CSR) cost and firm profitability has been a topic of debate

and has garnered significant attention from scholars in the field of accounting and finance research. This is because understanding this connection can assist businesses in operating effectively and ultimately generating profits (Kiabel & Nangih, 2020). There are two contrasting perspectives on CSR. The first view argues that the sole responsibility of businesses is to comply with laws and maximize profits for shareholders. Therefore, investing resources in CSR is perceived as a waste of time and a deviation from the primary objective of profit-making (Usman, 2020). On the other hand, the second perspective sees CSR differently. Advocates of this view believe that when firms respond to the needs of their communities, they are considered socially responsible. This, in turn, enhances their relationship with the community, attracts customers to their products, and ultimately affects their earnings. It also argued that CSR investments can create a positive attitude towards the company, leading to increased sales, loyal customers, and improved firm performance.

This study aims to evaluate the relationship between corporate social responsibility on the financial performance of banks with special emphasis on listed deposit money banks in Nigeria. The study seeks to assess the extent to which CSR (independent variable) proxy by educational expenditure, charitable expenditure and health and medical expenditure, influences financial performance of listed deposit money banks in Nigeria. To accomplish these objectives financial performance (dependent variable) will be measured using profit after tax (PAT).

Past studies have explored that corporate social responsibility practices have a link with firm profitability. For instance, Usman (2020) studied the association between corporate social responsibility and profitability of quoted banks in Nigeria. The study sampled 14 quoted banks from 2006 to 2015, and the findings showed that corporate social responsibility had significant and positive effect on profitability. The study by Ibrahim and Hamid (2019) assessed the effect of CSR on the financial performance of listed non-financial services firms in Nigeria and found out that CSR investments had positive impact on firm performance. In China, Lyu, Wang, Zhang and Ng (2021) examined the effect of CSR on the profitability of firms in the hospitality sector and concluded that although most of the studies have shown that there exist positive relationships between CSR and firm performance; negative associations are still evidenced by other studies particularly, with firms that constantly incur losses.

Again, Oboreh and Arukahoha (2021) studied the influence of corporate social responsibility on profitability firms using listed in Nigeria and discovered a positive and significant link between CSR and profitability. Gugong and Ayuba (2019) chose to assess the influence of CSR on the profitability of listed firms in Nigeria between 2008 and 2017 and found that CSR investments by firms in education and healthcare had a positive and significant impact on financial performance, whereas CSR costs incurred by banks on their host community and employee matters showed negative and significant influence on the profitability.

Based on the above, it is clear that there is a divergence of opinions among scholars regarding on how corporate social responsibility (CSR) expenditure influence financial performance of deposit money banks in Nigeria. While some studies have reported a negative association between CSR cost and financial performance, other studies have found a positive or neutral relationship. Due to limitations in the results of previous research this study seeks to bridge

the gaps by considering listed deposit money banks in Nigeria within the period of 2014-2023 and examining CSR expenditures on education, charitable, health and medicals on return on assets as this will help to resolve those controversies; as well as contribute to knowledge on the subject matter.

LITERATURE REVIEW

Concept of Corporate Social Responsibility

Corporate Social Responsibility (CSR) is the sum of the economic, legal, ethical and philanthropic responsibilities fulfilled by the company over a certain period of time (Omojolaibi, Oladipupo & Okudo, 2021). Corporate Social Responsibility (CSR) is a form of corporate self-regulation integrated into business models. CSR functions as a self-regulatory mechanism by which a corporation ensures its active compliance with the spirit of the law and ethical standards. Its aim is to increase the long-term profits or survival of a firm through constructing positive public relations and high ethical standards, in order to reduce the business and legal risk and build shareholder trust (Nzekwe, Okoye & Amahalu, 2021).

Corporate social responsibility (CSR) according to Olaroyeke and Nasieku (2019) encompasses a variety of issues which revolves around firms' interactions with the society. More precisely, it refers to sets of actions/activities that appear to promote the provision of some social goods beyond the interests of the firm and that which is required by law (McWilliams & Siegel, 2019).

In a related development, Bolten (2020) affirm that CSR encompasses the legal, ethical, economic and other discretionary responsibilities that firms/institutions render to society. The implication of the above explanation is that CSR activities are on a voluntary basis, and so firms/institutions operating in a society should operate under the dictates of the law prevalent in a society and conduct its operations in a morally acceptable manner by contributing to the economic well-being of the society among other obligations deemed necessary.

Presently, CSR ranks as the second most significant factor influencing a company's reputation, following product quality (Simionescu & Dumitrescu, 2019). Also referred to as corporate conscience, corporate citizenship, social performance, or sustainable responsible business, CSR integrates social, environmental, ethical, and human rights concerns into a company's operations and core strategy, in close collaboration with stakeholders (Uwalomwa & Egbide, 2020). CSR activities encompass a range of endeavors, including charitable contributions, fundraising, donations, community regeneration, and environmental protection within areas where a company operates. For the purpose of this study, the following aspect of corporate social responsibility is considered:

Education Expenditure

Education expenditure refers to the financial resources allocated by companies to support educational initiatives. This can include funding for scholarships, building and maintaining educational facilities, and supporting educational programs and institutions. Recent research underscores the importance of such investments in fostering a more skilled and educated workforce, which can, in turn, enhance a company's reputation and operational effectiveness (Carroll & Buchholtz, 2021). Companies like Google and Microsoft have been recognized for their substantial contributions to educational programs, demonstrating how education-focused CSR can align with broader corporate goals of

innovation and community support (Smith & Alcorn, 2023).

Charitable Expenditure

Charitable expenditure involves donations and financial support provided to non-profit organizations and causes. This form of CSR reflects a company's commitment to addressing various social issues, such as poverty, disaster relief, and community development. Recent studies indicate that charitable giving not only supports societal needs but also improves corporate image and stakeholder relations (Porter & Kramer, 2022). For instance, companies like Walmart and Starbucks have invested heavily in charitable activities, enhancing their public perception and fostering goodwill among consumers (Jones & Walker, 2019).

Health and Medicals Expenditure

Health and medical expenditure refers to funds allocated for improving healthcare services and supporting medical research. This can include donations to hospitals, funding medical research, or providing health benefits and wellness programs to employees and communities. Recent research highlights that such investments can lead to improved employee health and productivity, as well as enhanced public health outcomes. Companies such as Johnson & Johnson and Pfizer have been notable for their extensive contributions to health-related causes, underscoring the dual benefit of supporting community health while aligning with corporate values (O'Connor, 2019).

Concept of Financial Performance

The financial performance of commercial banks encompasses a comprehensive evaluation of their profitability, liquidity, asset quality, capital adequacy, and operational efficiency, reflecting their ability to generate returns for shareholders, manage risks effectively, and sustainably support economic growth and financial stability within the broader economy (Sen & Bhattacharya, 2021). The financial performance of commercial banks is a critical aspect of their operations, as it reflects their overall health, stability, and ability to fulfill their role within the financial system. Profitability is a key component of financial performance, indicating the bank's ability to generate revenue from its lending, investment, and fee-based activities while effectively managing expenses. This is typically measured by metrics such as net interest margin, return on assets, and return on equity (Wagle, 2020).

Financial performance proxy includes profit after tax, return on equity, return on assets, etc., but this study will consider profit after tax (PAT).

Profit after Tax (PAT)

Profit after tax (PAT) of commercial banks represents the net income earned by the institution after deducting taxes, serving as a key indicator of their financial performance, sustainability, and ability to generate returns for shareholders, while also reflecting the effectiveness of their operations, risk management practices, and overall competitiveness within the banking industry (Yu & Choi, 2019). Profit after tax (PAT) is a fundamental indicator used to gauge the financial health and performance of commercial banks. It represents the net income generated by a bank after accounting for all expenses, including operating costs, interest payments, provisions for loan losses, and taxes.

Analyzing PAT over time allows stakeholders to assess the trajectory of a bank's financial performance and evaluate its profitability trends. Consistent growth in PAT indicates that the bank is effectively managing its resources, expanding its customer base, and maximizing revenue

opportunities. Conversely, a decline in PAT may signal challenges such as increasing costs, deteriorating asset quality, or unfavorable market conditions that warrant further investigation and remedial action (Adeyanju & David, 2019).

Theoretical Framework

This study is anchored on the Stakeholders' Theory.

The Stakeholders' Theory

This theory was propounded by Freeman in the year 1984. Freeman (1984) described a Stakeholder as an individual or any group of individual that can influence or can be affected by an organization in an attempt to achieve its objectives. Stakeholders' theory is concerned with the relationship between a firm and its stakeholder(s) in meeting several stakeholder's expectations comprising of customers, employees, suppliers, investors and the general public (Freeman, Harrison & Zyglidopoulos, 2018). Contrary to the shareholders' theory that highlights the importance of satisfying the investors interest, the stakeholders theory suggests that firms should create value to all investors or groups with a stake in them (Oluyinka, 2021). All the stakeholders have a reciprocal interest as they affect each other in terms of benefits and harms; duties and rights (Freeman, 2016).

The theory is highly relevant to the study of CSR because it emphasizes the importance of addressing stakeholders' concerns and expectations; but at the same time discourages firms from utilizing most of its resources on philanthropic activities at the detriment of the actual owners of the business who are the shareholders (Oluyinka, 2021). CSR initiatives are primarily aimed at fulfilling societal and stakeholder needs, and Stakeholders' Theory provides a suitable lens to analyze the impact of these initiatives on profitability. This theoretical framework acknowledges that CSR is not solely about financial returns but also about building long-term relationships with stakeholders.

Empirical Review

Nwiko and Etale (2024) focused on the nexus between corporate social responsibility and financial performance of First Bank Limited in Nigeria. Ex-post facto design was adopted for this study. Ex-post facto design was used since the researcher relied on historic or secondary accounting data obtained from published annual financial statements of the bank for a period of ten years covering 2013 to 2022. The finding of the study indicates that: there is a positive and significant effect of social expenditure on profit after tax; and there is a positive and significant effect of environmental expenditure on profit after tax of First Bank Limited.

Muhammad, Jibril and Abubakar (2023) examined the impact of corporate social responsibility on the performance of Nigeria Deposit Money Banks. The study utilized ex-post facto research design considering the fact that the study uses a historical data. Data were obtained from annual reports of the listed Deposit money banks in Nigeria. Data was analyzed using Multivariate technique of data analysis. Specifically, the study employed multiple regression technique (ordinary least square regression). NPM, ROTA and ROE models were found to be significant at 5% level of significance. The study concludes that CSR influences the financial performance of listed deposit money banks in Nigeria.

Hajara (2022) research focused on the impact of corporate social responsibility on profitability. The proxies for profitability are earnings per share (EPS), return on assets

(ROA) and return on equity (ROE) while that of corporate social responsibility is all expenses incurred by the company for a given period. A quantitative approach was used in the study. The study made use of secondary data and gotten from the annual financial report of the selected banks. The data gathered was gotten from seven (7) years of the annual financial report of the four (4) selected banks. The period covered is 2015-2021 using a simple linear regression analysis. The result showed that there is an impact of corporate social responsibility on the return on assets (ROA) and return on equity (ROE). The result also showed that there is no impact of corporate social responsibility on earnings per share (EPS). Mbonu and Amahalu (2022) ascertained the effect of Corporate Social Responsibility Costs on Financial Performance of Deposit Money Banks listed on Nigeria Stock Exchange for a ten-year period ranging from 2011-2020. Thirteen (13) Deposit Money Banks were purposively selected from a population of Fourteen (14) listed Deposit Money Banks. Ex-Post facto research design was adopted while Pearson Correlation Coefficient and Panel Least Square (PLS) Regression analysis via STATA 13 statistical software were used to test the hypotheses of the study. The result of the study showed that Corporate Donations, Occupational Health and Safety Cost, Training Cost and Remediation Cost have a significant positive effect on Return on Assets at 5% level of significance respectively. Oluyinka (2021) investigated corporate social responsibility and financial performance of deposit money banks: An evidence from Nigeria. The study provides evidence from Nigeria by disaggregating CSR into Community Development, Education and Health. The data were extracted from the audited annual reports of 12 Deposit Money Banks listed on Nigeria Stock Exchange for ten years, 2009-2008. The study found out that CSR on Community Developments has a positive and significant effect on financial performance. On the contrary, the study reveals that CSR on Education has an insignificant positive effect on financial performance, and CSR on Health has a negligible negative effect.

METHODOLOGY

An ex-post facto research design was adopted for the purpose of this study. Data used for this study were obtained from secondary sources. The data were collected from the annual reports and accounts of selected deposit money banks based on the availability of data for periods of ten (10) years, 2014-2023. The study was restricted to selected banks, which were Zenith, GTB, UBA, Eco, Fidelity, and Union Bank. This selection was based on data availability for the purpose of data analysis. The study employed panel data analysis was employed. The data were analyzed using E-Views software. This technique was chosen because it allowed for the examination of data across both time and different entities, providing a comprehensive view of the trends and relationships within the data.

Variable Measurement and Model Specification

i. Variable Measurement

The independent variables in this study were corporate social responsibility, proxy by education expenditure, charitable expenditure, and health and medical expenditure. The dependent variable is profitability, measured by Profit After Tax (PAT). The natural logarithm of the values was computed to smoothen the data and express them on the same base.

S/ N	Variable Type	Variable	Measurement
1	Dependent	Profit After Tax	As reported in Income Statement
2	Independent	Education Expenditure	As reported in the financials
3	Independent	Social Expenditure	As reported in the financials
4	Independent	Health and Medicals Expenditure	As reported in the financials

Source: Author Compilation (2025)

ii. Model Specification

The model employed for of this study was adapted from the studies of Etale and Levi-Owonaro (2023) with little modification. The model was initially stated as

$$PAT = f (SXP, EXP)$$

Now remodify to:

$$PAT = f (SXP, EXP, FS)$$

The above model was transformed into a mathematical equation as stated below:

$$\text{LogPAT} = \beta_0 + \beta_1 \text{LogEDTE} + \beta_2 \text{LogCHE} + \beta_3 \text{LogHME} + \mu$$

Where:

PAT = Profit After Tax

EDTE = Education Expenditure

CHE = Charitable Expenditure

HME = Health and Medicals Expenditure

β_0 = Intercept or constant

β_1 and β_3 = Co-efficient of the independent variables to be determined

μ = the error term of the equation

RESULTS AND DISCUSSION

The overall results of the descriptive statistics and correlation matrix between the dependent and independent variables shown on the tables below.

Descriptive Statistics

Table 1

	LogPAT	LogEDT	LogCHE	LogHM
Mean	11.62748	8.949933	8.812722	8.797592
Median	10.93412	9.035961	8.977656	9.189500
Maximum	18.99835	13.39510	11.19334	11.01032
Minimum	6.129000	4.317488	4.007333	3.988984
Std. Dev.	3.356279	2.144727	1.866254	1.738408
Skewness	0.848219	-0.318114	-0.851511	-1.136320
Kurtosis	3.087541	2.619331	2.913643	3.504298
Jarque-Bera	7.213911	1.374235	7.269353	13.54803
Probability	0.027134	0.503024	0.026392	0.001143
Sum	697.6489	536.9960	528.7633	527.8555
Sum Sq. Dev.	664.6120	271.3913	205.4912	178.3018
Observations	60	60	60	60

Source: E-view Output (2025)

The descriptive statistics offer an initial view of the data's central tendencies and dispersion. The average PAT across the banks is 11.63, reflecting the general financial performance during the study period. When breaking down CSR expenditures, education expenditure averages 8.95, charitable expenditure 8.81, and health and medicals expenditure 8.80. These averages highlight the level of investment banks have made in various CSR activities.

The standard deviations for these expenditures indicate variability in CSR spending, with education expenditure showing the highest variability (2.14), followed by charitable expenditure (1.87) and health and medicals expenditure (1.74). This suggests that there is considerable difference in how much banks spend on these areas. The skewness values reveal that PAT and charitable

expenditures are positively skewed, indicating that a few high values are pushing the mean upwards. Conversely, health and medicals expenditure shows a negative skew, meaning that most values are clustered towards the lower end.

Correlation Matrix

Table 2

	PAT	EDT	CHO	HM
PAT	1.000	0.858	0.723	0.562
EDT	0.858	1.000	0.812	0.649
CHO	0.723	0.812	1.000	0.534
HM	0.562	0.649	0.534	1.000

Source: E-view Output (2025)

The correlation matrix demonstrates the direction and the strength of the relationships between the variables. The positive correlation between PAT and EDT is strong (0.858) which means that higher EDT is related to more PAT. CHO also exhibits a positive relationship with PAT (0.723) in that increased charitable spending is associated with increased PAT but the relationship is not as strong as that of EDT. Conversely, HM depicts a lower positive association with PAT (0.562) meaning that changes in health and medical spendings do not have a stronger relationship with PAT.

In consideration of other correlations, EDT and CHO are closely positively correlated (0.812), which indicates that the higher the educational spending, the higher the charitable spending. There is a moderately positive correlation between the two (EDT and HM) (0.649), and the two (CHO and HM) are less positively correlated (0.534), indicating that growth in health and medical expenditure is not paired with charitable expenditure growth by that amount.

In general, the matrix shows that EDT is most related to PAT, and HM is the least related to PAT and the rest of the expenditures when compared to variables under consideration.

Panel Regression Summary

Table 3 $\text{LogPAT} = \beta_0 + \beta_1\text{LogEDTE} + \beta_2\text{LogCHE} + \beta_3\text{LogHME} + \mu$

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	18.72885	3.344603	5.599723	0.0000
LogEDTE	0.909888	0.425666	2.137566	0.0390
LogCHE	1.117501	1.019793	1.095811	0.2801
LogHME	-2.870006	1.277400	-2.246757	0.0305
R ²	0.198451			
Adjusted R ²	0.135171			
F-Statistic	3.136077			
Prob(F-Statistic)	0.036512			
Durbin-Watson Statistic	2.171768			

Source: E-view Output (2025)

Education Expenditure (EDTE): The coefficient for EDTE is 0.9099 with a p-value of 0.039, which is statistically significant. This suggests that increased investment in education positively impacts PAT, indicating that banks see a return on their investments in educational CSR initiatives.

Charitable Expenditure (CHE): With a coefficient of 1.1175 and a p-value of 0.280, charitable expenditure does not show a statistically significant impact on PAT. While there is a positive association, it is not strong enough to draw a reliable conclusion.

Health and Medicals Expenditure (HME): The coefficient for HME is -2.8700 with a p-value of 0.031, indicating a significant negative impact on PAT. This suggests that spending more on health and medicals is associated with lower PAT, potentially reflecting inefficiencies or lower returns on such investments.

The R-squared value of 0.1985 and the adjusted R-squared of 0.1352 imply that the model accounts for a modest portion of the variability in PAT. Despite the statistical significance of the overall model (F-statistic = 3.136, p-value = 0.0365), the explanatory power remains relatively low.

Test of Hypotheses

Summarized Regression Result

Table 4

Variable	Coefficient	Prob.
C	18.72885	0.0000
LogEDTE	0.909888	0.0390
LogCHE	1.117501	0.2801
LogHME	-2.870006	0.0305

Source: E-view Output (2025)

H₁: Educational expenditure has no significant effect on the financial performance deposit money banks in Nigeria. Since the p-value (0.0390) is less than 0.05, we reject the null hypothesis. This indicates that educational expenditure has a significant effect on the financial performance of deposit money banks in Nigeria.

H₂: charitable expenditure has no significant influence on the financial performance deposit money banks in Nigeria. Since the p-value (0.2801) is greater than 0.05, we fail to reject the null hypothesis. This suggests that charitable expenditure does not have a statistically significant influence on the financial performance of deposit money banks in Nigeria.

H₃: Health and medical expenditure has no significant contribution to the financial performance deposit money banks in Nigeria.

Since the p-value (0.0305) is less than 0.05, we reject the null hypothesis. This indicates that health and medical expenditure has a significant impact on the financial performance of deposit money banks in Nigeria, albeit negatively.

Discussions of Findings

The findings are consistent with several prior studies while differing in some aspects. For instance, Nwtkpo and Etale (2024) found a positive effect of social expenditure on financial performance, aligning with the positive impact of educational expenditure observed in this study. Similarly, Muhammad, Jibril, and Abubakar (2023) identified that CSR has a significant influence on financial performance, echoing the positive results for educational expenditure found here. Conversely, Oluyinka (2021) and Hajara (2022) reported mixed results regarding CSR's impact, with certain CSR activities showing insignificant effects, which corresponds with the current study's finding that charitable expenditure does not significantly affect financial performance. The negative impact of health and medical expenditure contrasts with the positive effects found in studies such as Mbonu and Amahalu (2022),

highlighting the need for a more nuanced understanding of how specific CSR investments affect financial outcomes. Overall, while the positive effect of educational expenditure aligns with existing literature, the lack of significance for charitable expenditure and the negative impact of health and medical expenditure underscore the complex relationship between CSR activities and financial performance.

analysis techniques to validate the findings and using other proxy for both the dependent and independent variables

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The study reveals that different aspects of corporate social responsibility (CSR) have varying effects on the financial performance of deposit money banks in Nigeria. Specifically, investments in educational expenditure are shown to have a significant positive impact on profitability. This suggests that banks benefit from educational CSR initiatives through improved operational efficiency and enhanced corporate reputation. Conversely, charitable expenditure does not significantly impact financial performance, indicating that such spending may not provide direct financial returns or may lack strategic alignment. Additionally, health and medical expenditure has a significant negative effect on profitability, possibly due to inefficiencies or high costs that do not yield proportional financial benefits. These findings underline the need for banks to carefully evaluate the effectiveness of their CSR initiatives to ensure they align with their financial goals.

Recommendations

In view of the findings and conclusions drawn, the following were recommended:

- i. Banks should continue to invest in educational CSR programs, as they have been shown to positively impact financial performance. These initiatives can enhance employee skills, improve corporate reputation, and lead to better long-term financial outcomes.
- ii. Given the lack of significant financial impact from charitable spending, banks should review and possibly restructure their charitable CSR activities to ensure they align better with strategic objectives or explore more impactful ways to integrate charitable efforts.
- iii. Banks should critically assess the efficiency and return on investment of health and medical expenditures. Adjusting or optimizing these expenditures could mitigate their negative impact on profitability and ensure that resources are allocated more effectively.

Limitation of the Study

The study is centered around six (6) listed deposit money banks in Nigeria which might not be a representative of the whole banking industry. The study covered a period of ten (10) years which is from 2014-2023 which might not capture the current impact of CSR on financial performance. Education, charitable, health and medical expenditures was used to proxy CSR which might not cover the full scope of CSR activities while financial performance was proxy using profit after tax (PAT). The use of the ex post facto design and the panel data analysis could have limitations on capturing the complexities of CSR's effect on financial performance.

Areas for Further Study

Potential areas for further studies include; conducting a similar study with better representation to increase generalization in the banking sector, evaluating the influence of CSR on the financial performance over a longer period, using a different research design or data

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AppendixListed Deposit Money Banks in Nigeria as at 31st
December, 2023

S/N	Banks	Date Listed	Date Incorporated
1	Access Bank	March 28, 2022	Feb 10, 2021
2	Eco Bank	Sept 11, 2006	Oct 3, 1985
3	First Bank of Nigeria	Nov 26, 2012	Aug 13, 2012
4	First City Momentum Bank	June 21, 2013	Nov 20, 2012
5	Fidelity Bank	May 17, 2005	Nov 19, 1987

6	Guaranty Trust Bank	June 24, 2021	July 24, 2020
7	Jaiz Bank Plc	2016	April 1, 2003
8	Stanbic IBTC	Nov 23, 2012	March 14, 2012
9	United Bank of African	March 31, 1970	Feb 23, 1961
10	Unity Bank Plc	2005	April 27, 1987
11	Wema Bank	1991	May 2, 1945
12	Zenith Bank Nigeria Plc	October 21, 2004	May 30, 1990
13	Sterling Bank Nig. Plc	April 6, 2023	Oct 13, 2021

Source: Nigeria Exchange Group as at 31st Dec, 2023