ipmi INTERNATIONAL JOURNAL OF BUSINESS STUDIES

e-ISSN: 2622-4585 | p-ISSN: 2580-0132
Vol. 7 | No. 2 (June 2023)

Nexus Between The Social Dimension and The Financial Performance: A Bidirectional Study of The Nigerian Banking Industry

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ABSTRACT

The study of CSR is gaining prominence because, it is a critical component of business strategy that cannot be downplayed. Nigerian banks have been battling to survive for decades yet they are sceptical to explore CSR as a strategy for sustainability. This may be premised on the lack of adequate empirical evidence that depicts the actual happenings in the industry. This article mirrors the social dimension and its implication on the financial performance of Nigerian banks and vice versa through the lens of legitimacy theory. To know the financial indicator that determines the level of CSR performance. A causal research design was used. While data were collected, arranged and analysed by panel data. We regress the social dimension against PAT, EPS, and ROA using MLR and that is after all the underline assumptions have been duly considered. The findings reveal that the social dimension is positively related to PAT, EPS, and ROA. The social dimension shows a significant impact on PAT and EPS but no significant relationship with ROA. PAT appeared to be a better predictor among the three financial predictors considered. This article submits that firms can increase their earnings by strategically increase their social engagement. This study contributes to the legitimacy theory constructs because it explored new assumptions of the theory within the framework of the social dimension in a developing country. It brings the theory to practice on strategic use of social dimension.

ARTICLE INFO

Article History:
Received : 2022-10-20
Revised : 2023-02-16
Accepted : 2023-06-19
Published : 2023-06-30

Keywords:
Social Dimensions
Financial Performance
Legitimacy Theory

JEL: G21, G28, H13

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INTRODUCTION

Business organisations such as banks need to operate to meet the expectations of its immediate society. When these expectations are not adequately met, there will be a threat to the existence, survival, and performance of the organisation. Many managers plan, forecast, and target profit without thinking of their host community. When the society discovers that their value and interest is not in the plan of the organisation, they lose confidence in the organisation and the organisation will face the consequences of that (Olateju et al., 2021). Imagine a business entity losing its customers; it is not only losing its market but also its existence. Olateju et al. (2021) note that the expectation of the society is fully embedded in corporate social responsibility hereafter referred to as CSR. Whether this assertion is true of Nigerian banks or not needs in-depth investigation.

The Nigerian banks have been experiencing a lot of challenges as regards their sustainability these past years. Between the years 2005, the country has 85 merger banks, and in 2021, the number has reduced to 23 banks. This is an indication that there are challenges in the Nigerian banking industry that deserve urgent research. The word 'distress' has been related to the Nigerian banking industry recently. Onwe (2019) notes that even the remaining commercial banks in Nigeria are not financially stable. Any organisation that has its profit line distressed may struggle to exist.

The Nigerian banks have been perceived engaging in CSR in recent years. But Idowu, 2014) argues that the banks only pay lip services to CSR as their CSR performance is just barely above 2% of their profit after tax (PAT). On the same note, Olateju et al. (2021) argue that for any organisation to reap the benefits of CSR, they must have expended at least 6% of their PAT on CSR. Many bank managers are scare to invest in CSR, may be because, there are not enough empirical studies that demonstrate the relationship between the social dimension of CSR and banks profitability using the banks actual data as a case study. This research work seeks to solve the dilemma of the bank managers by taking the instance of Nigerian commercial banks.

Much of the publications on CSR for decades now have been focusing on CSR as an independent variable, looking at its impact on other variables like profitability (Campbell, 2019), but not actually considering the factors that influence the performance of CSR itself. For instance, Gangi et al. (2018) report that there have been mixed findings on how CSR relates with corporate financial performance. Platonova et al. (2018); Nadelman et al. (2019); Campbell, (2019) & Nasiru et al. (2020) findings reveal a positive relationship. Akinleye & Faustina (2017), and (Yoon & Chung, 2018) reveal a negative relationship while Forcadell & Aracil, (2017); Ajao et al. (2020), and Williams (2020) even have mixed results. Much of these works concentrate on the causal relationship or association that exist between CSR and financial performance of firms in various industries and countries in recent years (Campbell, 2019 & Saha et al., 2019). But not causal relationship between financial performance indicators and CSR performance. Looking at the mixed results as stated from extant literature on the causal relationship between CSR and financial performance, and lack of adequate literature on CSR performance indicators couple with few studies focus on banks and other financial institutions on CSR and financial performance vice versal, it is apparently important to carry out a study of this nature. The main objectives of this study are to examine the extent to which CSR affects the financial performance of commercial banks in Nigeria and vice versal. The scope of this study will cover 2014 to 2018. This period was selected because, most of the commercial banks in Nigeria adopted GRI reporting format in 2014 and have a relative stability up to 2018.

LITERATURE REVIEW

Briefly review the pertinent literature. The concept of banks' CSR is gaining popularity, because, CSR projects a good image of the bank and reduces its reputational risk so the argument on its cost-benefit is currently ongoing (Gangi et al., 2018). A different perspective on Banks' CSR has been explored but few scholars focus on CSR and banks' performance (Amole et al., 2012; Akano, 2013; Gangi et al., 2018; Belasri et al., 2020; Amsami et al., 2020). Each with a backdrop that necessitates this research work. For instance, Amole et al., (2012) examine the CSR and profitability of Nigerian banks with only one bank as a sample size. The sample size is inadequate to conclude the happenings in the industry. They also use only profit after tax without putting into consideration the value of the asset or capital that generated much profit.

Akinpelu et al. (2013) looked entirely different direction from (Amole et al., 2012) they investigated CSR disclosure of banks in Nigeria and the factors that influence such disclosure. Their research was based on finding the relationship between CSR which is the independent variable and total assets, number of branches of the banks and their gross earnings. Content analysis was used to represent their CSR. Content analysis has been in use for a while now but it is not adequate in representing variables when the actual data can be adequately sourced.

Gangi et al., (2018) work goes beyond (Akinpelu et al., 2013)'s work by looking beyond the relationship between CSR and total assets, number of branches of the banks and their gross earnings. They examined CSR and banks' financial performance using net interest income and non-interest income on total assets and non-performing loans on total loans as dependent variables. One, their work did not use actual CSR value as an independent variable. Two, they did not use the total profit realised at the end of the accounting period. And lastly, their research was carried out in Europe.

Belasri et al. (2020) employ a different methodology. They examined CSR and bank efficiency in 44 countries using Data Envelop Analysis for their efficiency. 100% implied efficiency while anything lesser than that is assumed inefficient. Their CSR data, which is the independent variable came from Sustainalytics. Sustainalytics reports on the environmental, social, and governance of organisations after careful assessment. We believe that dealing with the reality of the banks' actual amount expend on CSR and actual performance will provide a clearer and more accurate model (Ajao et al., 2020).

Amsami et al. (2020) source of data and methodology was completely different. They examine the influence of CSR actions on customer loyalty, using a questionnaire. 430 customers' opinions in the eastern part of Nigeria were examined. (The result is positive).

Cheng et al. (2014) use a panel dataset built from annual ESG performance rating scores got from Thomson Reuters ASSET4 firms' performance on the three dimensions of CSR (Environmental Social and Governance) which consist of 2,439 publicly listed firms and the KZ index, which was first popularised by Kaplan and Zingales as a measure of capital constraints between the period of 2002 to 2009 (Cheng et al., 2014).

The literature gaps highlighted above to open a research gap for this work. One in methodology. Vishwanathan et al. (2020) recommends the functionalist view of CSR concepts as it use the actual situation to explain reality instead of representing the nature of reality that the concept is. On that note, this research work collates the actual amount spent on the social dimension of CSR by the banks, their earnings per share, profit after tax, and return on assets as this will give the accurate and precise relationship between CSR and corporate financial.

Extant literature has linked the three CSR dimensions to the success or otherwise of organisations regarding their profitability (Olateju et al., 2021). For instance, (Ajao et al., 2020; Akinpelu et al., 2013; Amole et al., 2012; Amsami et al., 2020; Belasri et al., 2020; Gangi et al., 2018) studies demonstrate a positive and possibly significant relationship between the social dimension of CSR and financial performance. While (Babatunde et al., 2021; Egungwu & Egungwu, 2019; Khediri et al., 2021; Kim, 2022; lemqeddem & Tomas, 2018; Sulimany et al., 2021; Ullah et al., 2022) studies affirm a positive relationship between the governance dimension and firms' financial performance. And (Alsaifi et al., 2020; Chithambo et al., 2022; Trumpp & Guenther, 2017; Yagi & Managi, 2018; Zameer et al., 2021) studies also show a positive relationship between the environmental dimension and financial performance. There is, therefore, a need to investigate the relationship between CSR and the financial performance of the Nigerian banking industry and vice versa to also determine factors that determine the level of CSR performance.

The argument as to whether CSR should be performed or not is still ongoing and the decision is bottled down to the policy of the organisation. But the fact remains that whether a firm makes a profit or not the societal expectation will be there and will need to be met. CSR should be part of the business operation as a firm cannot operate in isolation. Guthrie et al. (2006) argue that a 'social contract' therefore exists between a business organisation and the society in which they operate and that this social contract is in the myriad expectations of the society from the business organisation.

They argue further that the survival of the organisation will be threatening if society perceived a breach in this contract. In the same light, Vishwanathan et al. (2020) is of the same thought as Guthrie et al. (2006) in their stakeholder reciprocation mechanism that when a firm performs CSR the stakeholder reciprocates by endorsing the firm. And that will result in more corporation and productivity for the firm which will in turn affect the firm's performance. Saha et al. (2019) claim that CSR brings limitless payback, benefit, and inflow of newly established investors. They argue further that CSR brings failure's risk to minima and improves organisational performance. The above arguments have a background in legitimate theory.

Legitimacy theory originated from organisational and social system theory (Olateju et al., 2021) which views an organisation as a complex component that must interact with its social environments to survive (Guthrie et al., 2006). Legitimate theory state that for an organisation to gain legitimate status which is the approval and support of the society and elimination of the threat to survival such an organisation should maintain integration of its value system with that of the social system in which it operates (Dowling & Pfeffer, 1975; Guthrie et al., 2006; Noah, 2017; Olateju et al., 2021; Olateju et al., 2022)

This article is set to study the effect of the social dimension of CSR on corporate financial performance through the theoretical lens of legitimacy theory. CSR can be a good means for organisations to gain legitimate status. Ashrafi et al. (2020) argues that organisations are forced to use CSR to legitimate their business actions. Noah (2017) notes that organisations can meet the public's needs and expectations through CSR. CSR has three branches as identified by our working definition which are corporate governance, environmental and social matters

(Olateju et al., 2021, 2022).

The scope of this work is only limited to the last aspect of CSR which is social expectations of society. This could be donations, charitable gifts, sponsorship, fixing or providing essential commodities like roads, water, electricity, schools, and so on. Guthrie et al. (2006) argue that organisations meeting the societal expectations of their social system will earn them a legitimate status. When an organisation has a legitimate status, their operational activities and behaviour will truly reflect the norms, values, expectations, and demands of their society to appear legal to the host community (Olateju et al., 2021).

The social system in which such an organisation operates naturally granted it a conducive and peaceful environment to thrive and survive which will in return translate to corporate performance in exchange for its CSR, this is termed a "social contract" (Dowling & Pfeffer, 1975). Olateju et al., (2021) argue that there exists a social contract between the organisation and society. And when a breach of this social contract is perceived, there will be a threat to the survival of this organisation (Dowling & Pfeffer, 1975). This implied that it is the system itself that will isolate them from its social environment. The supplier may cease to supply, the customer may stop patronising, the host community begins hostile, tax may be unfavourable, and a lot of litigations to force the organisation back to the performance of its social contract or be frustrated out of the business. The work of Bansal & Clelland (2004) ground the legitimacy theory as its finding reveals that legitimacy status reduces unsystematic risk.

A breach in the social contract can be in form of non-performance, perceived non-performance, and underperformance of CSR by society. Non-performance implied that the organisation is not carrying out its CSR. Perceived non-performance means that there is a contrary belief between the organisation and society. While the former believe they are performing, the latter believe otherwise. The last implied that the organisation is perceived to be underperforming its CSR. This may be due to their reporting system because the public wants to see that the organisation has a CSR policy and that they are performing it. The legitimate theory is appropriate for this work because it is not just about organisations honouring their social contract but it is also about emphasising that the organisations should report the performance of this social contract.

An organisation that does not perform this social contract (CSR) will be severely punished by a way of threat to the organisation's continual survival. While the performance of those organisations whose CSR is perceived inadequate may be poor. When the performance of CSR is not substantial (that is below 6% of the profit after tax which is the equivalent of adjusted profit) it may have little or no bearing on the narration of the organisation (Olateju et al., 2021).

For organisations to reap the benefit of CSR they must go beyond lip service to CSR. Having a CSR policy is not enough like making the policy work. Organisations should perform CSR in such a way that society will feel and appreciate it. CSR should touch the stakeholders before releasing their approval. It should not be one time off but a continuous activity for an organisation to reap the benefits. Belasri et al. (2020) claim that CSR performance may take years to yield value-enhancing fruits. In the same vein, Saha et al. (2019) maintain that CSR will positively affect financial performance in the future, but it may require short-term investment. Ashrafi et al. (2020) on the same note, argue with their 'enlightened self-interest' that the firms that involve in CSR will gain the enduring benefit of CSR in due course. Based on the above. Saha et al. (2019) therefore conclude that CSR has a direct impact on financial performance. It is therefore expected that CSR may positively affect the firm's performance over the years. The people will enjoy the benefit of CSR and change their views about the organisation, thereby promoting the good image of the banks.

Ashrafi et al. (2020) report that a lot of efforts have been made to establish a positive relationship between CSR and the long-term interest of the shareholders. They argue further that CSR represents the long-term social interest of the shareholders and will accomplish the traditional economic gain that they seek. Yoon & Chung (2018) found that external CSR practices improve market share and internal CSR practices improve the operational profitability of the firm.

Cheng et al. (2014) argue and support their view with empirical evidence that the level of firms' performance in CSR may lead to value creation in the long run by reducing some of the constraints to financing operations and strategies that may be peculiar to that firm.

Based on the conceptualisation and theoretical build-up of this research we hypothesise as follows:

H1: CSR has no significant effect on the financial performance of commercial banks in Nigeria.

H2: Financial performance indicator has no significant effect on CSR of commercial banks in Nigeria

RESEARCH METHOD

The methodology must be clearly stated and described in sufficient detail or with sufficient references. The author shall explain the research question, describe the research framework, and the methods applied in detail. It should be furthermore highlighted why the research question is relevant to theory and practice, and why the chosen method(s) are suited for the problem.

Panel data design was used for these analyses though we are examining the cause-effect relationship between CSR cost and banks' financial performance and vice versa because we are observing large datasets for many banks for over several years. Our choice of design is premised on the fact that panel data could blend both inter-individual units' differences in cross-sectional and intra-individual crescendos in time-series data.

The data were collected primarily from secondary sources with the year range of 2014 - 2018. Data for CSR which is our independent variable was collected from the bank's financial statement, citizenship reports, and GRI report to ascertain how much was spent on the social and governance aspects of CSR. The data for the dependent variable which is financial performance was from their published financial statements only. The years under study, 2014 – 2018 were considered because many of the banks began to present their reports in line with the global report index in 2014 and this availed us the actual amount they spent on the social aspect of their CSR for these periods. However, the choice of the range of the years is to avoid too many complications and to keep an accurate view of the happenings within the moderate years as few of those banks were financially stable currently. Of the total licensed commercial banks that existed between 2014 and 2018 in Nigeria 23 banks formed our population size. They are listed as follows:

Table 1. List Of Deposit Money Banks As At June 30, 2021

Commercial Banking Licence With International Authorization	
SN	**NAME**
1	ACCESS BANK PLC
2	FIDELITY BANK PLC
3	FIRST CITY MONUMENT BANK PLC
4	FIRST BANK NIGERIA LIMITED
5	GUARANTY TRUST BANK PLC
6	UNION BANK OF NIGERIA PLC
7	UNITED BANK OF AFRICA PLC
8	ZENITH BANK PLC

Commercial Banking Licence With National Authorization	
9	CITIBANK NIGERIA LIMITED
10	ECOBANK NIGERIA PLC
11	HERITAGE BANK LIMITED
12	KEYSTONE BANK LIMITED
13	POLARIS BANK PLC
14	STANBIC IBTC BANK PLC
15	STANDARD CHARTERED BANK LIMITED
16	STERLING BANK PLC
17	TITAN TRUST BANK LTD
18	UNITY BANK PLC
19	WEMA BANK PLC
Commercial Banking Licence With Regional Authorization	
20	GLOBUS BANK LIMITED
21	SUNTRUST BANK NIGERIA LIMITED
22	PROVIDUS BANK PLC
23	PARALLEX BANK LTD

Source: (CBN, 2021)

Only 12 Nigerian banks make up our sample size because only 12 banks exist before 2014 and are still in existence after 2018. And they are the ones with the available information on the amount spent on social dimension.

Simultaneous multiple regression (SMR) was used in the analysis because all the predictor variables were tested at the same time. The following assumptions were built into the calculation:

1. Regression analysis makes use of outliers and outliers can be spotted by standardizing the value and checking the standardized values to check for absolute values higher than 3.29. Such values are removed from the dataset.
2. Normality, homoscedasticity, and the absence of multicollinearity are critically considered. Normality tests are carried out by observing a normal P-P plot. If the data have a straight line beside the diagonal, then it can be assumed to be normal. To evaluate homoscedasticity, a scatterplot of standardized residuals with standardized predicted values can be prepared by looking out for a random scatterplot, if this is seen, then the assumption is met. It is important to note that if the scatterplot has a cone shape, then the assumption is not met. The last one is multicollinearity. This can be assessed by computing variance inflation factors (VIFs). The value of VIF is better is less than 10 to avoid multicollinearity. However, a value less than 3 is better used.

Variable definitions

1. What makes up the value of social cost includes donations and charitable gifts. These values are taken directly from the annual financial report of banks.
2. What makes up the value of governance cost includes the amount spent as remuneration to all the directors. These values are taken directly from the annual financial report of banks.
3. Increase in shareholders' wealth (earnings per share): This was measured by what a unit of ownership in the bank generated (EPS). These values are taken directly from the annual financial report of banks.

Panel data analysis (PDA) was used in the analysis and SPSS 26 to regress the relationship between the social dimension of CSR and the financial performance of Nigerian banks.

Model specifications and definitions

We hypothesise that investment in CSR will increase the financial performance of banks and came up with these models:

BFP = $\int (\beta_0$ + CSRC+ $\varepsilon)$ ....Model 1

PAT = $\int(\beta_0 + \beta_i + \varepsilon)$

ROE = $\int(\beta_0 + \beta_i + \varepsilon)$

EPS = $\int(\beta_0 + \beta_i + \varepsilon)$

CSR = $\int (\beta_0$ + BFP + $\varepsilon)$ ....Model 2

CSR = $\int(\beta_0 + \beta_i + \beta_{ii} + \beta_{iii} + \varepsilon)$

CSR = $\int (\beta_0$ + PAT + ROE + EPS + $\varepsilon)$

BFP = Banks financial performance
CSR = Social dimension
EPS = Earnings per share
PAT = Profit after tax
ROA = Return on Asset
β_0 = intercept
ε = error term

Decision rule

When regressing, the F-value and significance level of the F-value is determined, if F-value is (typically p<.05) such as statistically significant, the model explains the level of significant variance that the independent variable can predict in the outcome of the dependent variable.

RESULT AND DISCUSSION

This chapter contains the results of the empirical part of this research. The results are presented as follows:

The Multivariance regression result above in table 2 shows that R2 is 0.3726, 0.3939, and 0.0043 for logPat, EPS, and ROA respectively. And p-value 0.0000, 0.0000 and 0.6198 for logPat, EPS and ROA respectively. This implied that logPat and EPS have a positive and significant impact on CSR while the same cannot be said of ROA though positive but not significant. The R2 which is the coefficient of determination is a statistical measurement that is used to know how differences in a variable can be explained by the difference in another when predicting the outcome of an event. Its value can range from less than negative 1 to 0 to less than positive 1.

Table 2

```
. import excel "C:\Users\USER\Desktop\Governance Structure Current data.xlsx", sheet("CSR (2)") firstrow clear

. mvreg logPAT EPS ROA = logCSR, corr

Equation             Obs   Parms        RMSE    "R-sq"          F        P
--------------------------------------------------------------------------
logPAT                60       2    .4740053    0.3726    34.4392   0.0000
EPS                   60       2    1.162005    0.3939   37.69655   0.0000
ROA                   60       2    .0437724    0.0043   .2487952   0.6198

------------------------------------------------------------------------------
             |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
logPAT       |
      logCSR |   .7517475   .1280989     5.87   0.000     .4953296    1.008165
       _cons |   3.910558   1.076371     3.63   0.001     1.755966    6.065149
-------------+----------------------------------------------------------------
EPS          |
      logCSR |   1.928062   .3140293     6.14   0.000     1.299464     2.55666
       _cons |  -14.86576   2.638681    -5.63   0.000    -20.14765   -9.583865
-------------+----------------------------------------------------------------
ROA          |
      logCSR |   .0059004   .0118294     0.50   0.620    -.0177787    .0295796
       _cons |  -.0195384   .0993984    -0.20   0.845    -.2185059    .1794292
------------------------------------------------------------------------------

Correlation matrix of residuals:

         logPAT      EPS      ROA
logPAT   1.0000
   EPS   0.7572   1.0000
   ROA   0.1748   0.3188   1.0000

Breusch-Pagan test of independence: chi2(3) =    42.326, Pr = 0.0000
```

(Source: Olateju & Olateju, 2022).

It's measured in percentage. The coefficient of determination uses R2 which can be used to measure the overall accuracy of the regression model, the fitness of the regression model, or the goodness of fit.

Still, in table 1 above, the p-value at a significance of 0.000, which is less than 0.05 for both logPat and EPS, implies that the null hypothesis should not be accepted. Based on the above computation, we, therefore, fail to accept the null hypothesis. This implied that there is a significant relationship between CSR and logPat and EPS. And since CSR and ROA model is 0.6198 which is greater than 0.005, then the null hypothesis should be accepted. This means CSR has no significant relationship with ROA.

Table 2. Panel A

Descriptive Statistics			
	Mean	**Std. Deviation**	**N**
logCSR	8.389068234434898	.481738938389465	60
logPAT	10.277659980041769	.586324618659109	60
EPS	1.30888	1.479892	60
ROA	.028663686948220	.043813448525678	60

(Source: Olateju & Olateju, 2022).

Panel B

Correlations					
		logCSR	**logPAT**	**EPS**	**ROA**
Pearson Correlation	logCSR	1.000	.694	.628	.060
	logPAT	.694	1.000	.780	.152
	EPS	.628	.780	1.000	.308
	ROA	.060	.152	.308	1.000
Sig. (1-tailed)	logCSR	.	.000	.000	.324
	logPAT	.000	.	.000	.124
	EPS	.000	.000	.	.008
	ROA	.324	.124	.008	.
N	logCSR	60	60	60	60
	logPAT	60	60	60	60
	EPS	60	60	60	60
	ROA	60	60	60	60

(Source: Olateju & Olateju, 2022).

Table 2, Panel B above displays the result of the correlation between all the variables. The logCSR the dependent variable and the independent variables logPAT, EPS, and ROA which are .694, .628, and .060 respectively, show a Pearson correlation between the dependent variable and the independent variables. The results show positive association between all the variables such as r(58) = .694, p = .000 for logCSR and logPA, r(58) = .628, p = .000 for logCSR and EPS, and r(58) = .324, p = .060 for logCSR and ROA.

Panel B of table 2 above, model summary, displays the coefficient of determination, R2 which can be used to measure the overall accuracy of the regression model, the fitness of the regression model, or goodness of fit. The R2 is .510 from our calculation as shown in table 2, panel C above. We arrived at this value of adjusted R2 after adjusting for R2 with the various predictors that we have in the model. The model summary in the regression results shows an adjusted R2 of .483. The model implies that the 48.3% variation in CSR of commercial banks in Nigeria could be explained by logPat, EPS, and ROA, which is moderately significant. The remaining 51.7% can be explained by other variables outside the scope of this research work. The Durbin-Watson statistic is a test for the autocorrelation model in a regression output. The Durbin-Watson statistic is expected to have a range between 0 and 4, with a value of 2.0 indicating zero autocorrelation. And the interpretation of it is that to have a positive autocorrelation, the value should be below 2.0 while above 2.0 implies a negative autocorrelation. In the computation above we have .926 which is below 2.0. This means that there is consistency in the pattern of the relationship year in, and year out. This implies that the model can be reliably used to predict the dependent variable (social dimension) accurately.

Panel C

Model Summary[b]

					Change Statistics					
Model	**R**	**R Square**	**Adjusted R Square**	**Std. error of the Estimate**	**R Square Change**	**F Change**	**df1**	**df2**	**Sig. F Change**	**Durbin-Watson**
1	.714a	.510	.483	.346261759645081	.510	19.400	3	56	.000	.926

a. Predictors: (Constant), ROA, logPAT, EPS
b. Dependent Variable: logCSR
(Source: Olateju & Olateju, 2022).

Panel D

ANOVA[a]

Model		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
1	Regression	6.978	3	2.326	19.400	.000[b]
	Residual	6.714	56	.120		
	Total	13.692	59			

a. Dependent Variable: logCSR
b. Predictors: (Constant), ROA, logPAT, EPS
(Source: Olateju & Olateju, 2022).

Panel E

Coefficients[a]

		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		**B**	**Std. Error**	**Beta**	**T**	**Sig.**	**Tolerance**	**VIF**
1	(Constant)	4.078	1.231		3.314	.002		
	logPAT	.411	.124	.501	3.312	.002	.383	2.610
	EPS	.087	.051	.267	1.703	.094	.355	2.818
	ROA	-1.079	1.094	-.098	-.987	.328	.885	1.130

a. Dependent Variable: logCSR
(Source: Olateju & Olateju, 2022).

The ANOVA results in panel D above show a p-value at a significance of 0.000, which is less than the p-value of 0.05. This implies that the null hypothesis should not be accepted. Based on the above computation, we, therefore, fail to accept the null hypothesis. This implies that there is a significant relationship between logPAT, EPS and ROA and, CSR. This computation shows that logPAT, EPS, and ROA can significantly predict CSR value.

The panel E above, the table of collinearity statistics in the regression results shows that logPAT, EPS, and ROA have a Variance Inflation Factor (VIF) of 2.610, 2.818, and 1.130 respectively. VIF is the reciprocal of the tolerance value and small VIF values indicate low correlation among variables and the ideal condition is VIF <3. This indicates that there is no collinearity between the independent variables. When predictor variables in a regression model have collinearity, they cannot independently predict the value of the dependent variable. The implication of multicollinearity includes difficulties in assessing the individual regression coefficients because of inflated standard errors. This implied that the individual independent variable in our model can predict the dependent variable adequately.

The unstandardized coefficients of B in the equation model logCSR = $\int(\beta_0 + \beta_i + \beta_{ii} + \varepsilon)$ shows that logCSR = 4.078 + .411 logPAT + .087 EPS -1.079 ROA. While the Beta shows the individual contribution of each independent variable to the model above for instance logPAT is .501, EPS is .267 and ROA is -.098. The implication of this is that logCSR can increase on average by 50.1 percent with 1 unit variation in logPAT, while EPS and ROA are held constant. Also, logCSR can increase on average by 26.7 percent with a 1-unit variation in EPS while logPAT and ROA remain constant. And, logCSR can also decrease on average by -9.8 percent with a 1-unit variation in ROA while logPAT and EPS remain constant. This was demonstrated by sig. values display in panel E above show that only the contribution of logPAT is significant at .002. While EPS and ROA have .094 and .328 which means an insignificant relationship.

This article examines a critical issue that has been on the front burner in the literature, which is the relationship between CSR and corporate financial performance. The study is in two directional ways. It studies the effect of corporate social responsibility on the financial performance of banks in Nigeria and vice versa. The overall objective of the study is to examine the relationship between the actual cost of the social dimension of CSR and the financial performance of commercial banks in Nigeria. The study hypothesis is as follows:

H1: CSR has no significant effect on the financial performance of commercial banks in Nigeria.

H2: Financial performance indicators have no significant effect on the CSR of commercial banks in Nigeria.

We regress the relationship between the social dimension of CSR and financial performance and vice versa. Financial performance is proxy into EPS, PAT, and ROA. The findings reveal that CSR as an independent variable has a positive and significant relationship with both PAT and EPS while it has a positive but insignificant relationship with ROA. While PAT, EPS, and ROA have a significant relationship with CSR, PAT contributes more than 50% to the model which is significant. EPS though positive too but contribute insignificantly to the model with more than 25%. While ROA contributes negatively and insignificantly to the modern with less than -1%.

The findings of this study are consistent with the findings of authors like Platonova et al. (2018) though in the Islamic banking sector and CSR disclosure. Cheng et al. (2014) argue and empirically improvise that CSR has a positive relationship with value creation through access to finance. Mughal et al. (2021) study reveal a positive relationship between CSR and ROA, ROE, and EPS. Vishwanathan et al. (2020) empirically demonstrate that CSR positively affects corporate financial performance through four mechanisms.

This study negates the negative association between CSR and financial performance as acclaimed by Preston and O'Bannon's trade-off theory (Platonova et al., 2018). And also refute the claim of Saha et al. (2019) that financial factor limits the performance of CSR, even though their findings disclose the direct and indirect positive relationship. This implies that firms declining CSR may have other reasons beyond financial factors.

In an attempt to determine the possible financial factors that can predict CSR, the findings of this study indicate that financial performance indicators can significantly predict the level of CSR performance. While the contributions of the individual independent variables reveal that PAT is a better predictor of CSR with significant effects, the EPS has a positive relationship. This means that the higher the EPS, the higher the CSR. ROA shows a default predictor of CSR, which is consistent with the findings of (Lica, 2021).

The practical implications of these findings are that the model propose in this study demonstrates that the social dimension of CSR can adequately predict the level of PAT a firm can achieve if properly managed and what a unit of share can earn when the firm engages in a certain level of the social dimension of CSR. Thus, this study can help the manager to effectively use the social dimension of CSR as a strategy to improve their profit after tax and get better of their financial performance. Investors and shareholders having known the level of CSR performance of their firms can envisage what a unit of share can earn them at the end of the financial year. The influential shareholders may want to prevail on their directors to engage in the more social dimension of CSR.

Examining the three variables (PAT, EPS, and ROA) which serve as independent variables and which may be of interest to both the directors and the owners, this study reveals that PAT is a better predictor of the level of CSR. This implies that the higher the PAT, the higher the level of engagement of firms' performance of the social dimension of CSR. The higher the profit, the higher the CSR performance. This indicates that PAT is a real determinant of CSR. If a firm is struggling to survive, it may be difficult for such a firm to think of CSR. This finding supports the Friedman (1970) view that the primary responsibility of a firm is to increase its profits then other things follow. As profits increase, CSR can increase. They have the responsibility of enhancing the firm first before thinking of CSR.

Although, the findings of our first model reveal otherwise, as CSR may also significantly predicts the value of PAT and EPS. This means that Friedman's (1970) theory may not be absolute. Because, in this case, as CSR increases PAT also increases. This implies that firms can also increase their PAT and other financial performance by directly increasing their CSR. This supports the legitimacy theory from the backdrop of which William Fredrick argues (Ashrafi et al., 2020).

Based on these findings, this article recommends that a firm should always involve in CSR as this will improve their financial performance, increase shareholders' wealth and improve the welfare of their host community.

Caution should be taken in the case of the application of this study. As this study is limited by its scope in terms of its population size. The article is a single-sector study with a developing country that study the Nigerian banking sector only. This study encourages future research on studies with a wider scope that will study different sectors of the economic and intercountry study both within and outside developing countries.

CONCLUSION

Conclusions should include (1) the principles and generalizations inferred from the results, (2) any exceptions, problems or limitations of the work, (3) theoretical and/or practical implications of the work, and (4) conclusions drawn and recommendations. In this section, authors can use the starting word “this research is…” or “this finding is…..”. This article examines the nexus between the social dimension of CSR and financial performance and vice versa. And discover that from whichever view a firm is coming from it will be in the best interest of the firm and shareholders for the firm to engage in the social dimension of CSR. The practical implications of these findings are that the model propose in this study demonstrates that the social dimension of CSR can adequately predict the level of PAT a firm can achieve if properly managed and what a unit of share can earn when the firm engages in a certain level of the social dimension of CSR. This will be of great use to the manager and the investors. These findings also reveal that PAT and EPS can also reveal the pattern of CSR performance of the Nigerian banks. But PAT has shown to be a better indicator.

Based on these findings, this article recommends that a firm should always involve in CSR as this will improve their financial performance, increase shareholders' wealth and improve the welfare of their host community.

Of the limitations of this work, one, this article is a single-sector study with a developing country that study the Nigerian banking sector only, the result may not be generalised. Two, the scope of the years is just 5, which means a longer year can be empirically tested in the future. Three, the Nigerian banks are categorised into tiers, which means different tiers can be examined within and among the tiers. This study encourages future research on studies with a wider scope that will study different tiers of banks and sectors of the economic, and intercountry study both within and outside developing countries.

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