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The Impact of Corporate Social Responsibility on Firms' Profitability in Nigeria

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Abstract

This study examines the relationship between corporate social responsibility and firms' profitability in Nigeria with the use of secondary data, sourced from ten (10) randomly selected firms' annual report and financial summary between "1999-2008". The study makes use of ordinary least square for the analysis of collected data. Findings from the analysis show that the sample firms invested less than ten percent of their annual profit to social responsibility. The co-efficient of determination of the result obtained shows the depicts that the explanatory variable account for changes or variations in selected firms performance (PAT) are caused by changes in corporate social responsibility (CSR) in Nigeria while recommends that laws and regulations to obligate firms to be recognized, adequate attention should be given to social accounting in terms of social costs and to comply with social responsibility should be enacted.

Keywords: Corporate social responsibility and firms' profitability

Introduction

Corporations around the world are struggling with a new role, which is to meet the needs of the present generation without compromising the ability of the next generations to meet their own needs. Organizations are being called upon to take responsibility for the ways their operations impact societies and the natural environment. They are also being asked to demonstrate the inclusion of social and environmental concerns in business operations and in interactions with stakeholders (Van Marrewijk & Verre, 2003).

Organizations have developed a variety of strategies for dealing with this intersection of societal needs, the natural environment, and corresponding business imperatives with respect to how deeply and how well they are integrating social responsibility approaches into both strategy and daily operations worldwide

A firm cannot ignore the problems of the environment in which it operates. Therefore, there is a need to examine the impact of corporate social responsibility on firm's profitability in Nigeria. In its stronger form, the concept of Corporate Social Responsibility (CSR) asserts that corporations have an obligation to consider the interests of customers, employees, shareholders, communities, as well as the ecological "footprint" in all aspects of their operations.

Little (2006) maintained that corporate social responsibility initiatives can lead to innovations through the use of social, environmental, or sustainability drivers to create new products and services.

The theme of environmental and social responsibility appears in a number of political and legal documents and is gaining ever-greater importance at the international level. Today, corporate leaders face a dynamic and challenging task in attempting to apply societal ethical standards to responsible business practice.

However, there is a great deal of ambiguity and uncertainty about what corporate social responsibility really means as well as what drives a business to pursue it. Whatever are the motivations behind CSR theories, it is also interpreted as the concept of triple bottom-line *("People, Planet, Profit")* which captures an expanded spectrum of values and criteria for measuring organizational success; economic, environmental and social. Whereas business ethics and corporate governance combine to generate the means to achieve organizational excellence, the real test is when this excellence is converted into business sustainability and here, corporate social responsibility plays a major role.

Various views have been offered to explain the importance or otherwise of corporate social responsibility (CSR) in business activity. For their part, neoclassical economists advance that the firms should devote their energies to supplying goods and services to their customers, they should minimise costs and maximise profits; and all this should, of course, take place within the laws and rules/regulations of the land (Carroll, 1979; Jamali, 2006; Jamali and Mirshak, 2007; Quazi and O'Brien, 2000). Indeed, some proponents of this viewpoint go as far as to argue that CSR is not only a deflection from the main business of wealth-creation, thus serving to blunt competition, but is also an economic (cost) imposition on the firm (Friedman, 1999).

This study serves as an added contribution to the existing work of other authors that has discussed issues on corporate social responsibility such as Friedman, (2008), McGuire, (1988), Van Marrewijk & Verre, (2003), Dacin, (1997); Larsen, (2000); Reign, (2001); McWilliams and Siegel (2001) as it goes further to examine how various factors that surrounding corporate social responsibility, how its affect firms' profitability and it is going to be useful for managers in making prudent and financial decision, business stakeholder, governments' agencies and some other interested bodies to expand their knowledge on the research topic.

The main aim of this study is to examine the impact of corporate social responsibility on the profitability of firms in Nigeria. Which is divided into three sections; Section one is introduction; Section two is the theoretical, empirical methodology while section three is the concluding remarks and policy suggestions.

Theoretical Literature

Since there is a great heterogeneity of theories and approaches of corporate social responsibility, discussion in this paper is based on a comprehensive analysis by Secchi (2007) and it is compared with an analysis by Garriga and Mele (2004). Secchi has come up with a group of theories based on corporate firms' criterion and society. The theories are as follows:

a) The utilitarian theory,
b) The managerial theory, and
c) The relational theory.

On the other hand, Garriga and Mele's (2004) analysis maps corporate social responsibility into four types of territories. They are: 1) Instrumental theories, 2) Political theories, 3) Integrative theories, and 4) Ethical theories. There is no doubt that some similarities do exist in both conceptualizations of corporate social responsibility and the discussion will be based on emphases and approaches.

a. Utilitarian Theories

The old idea of *laissez faire* business gives way to determinism, individualism to public control, and personal responsibility to social responsibility. Utilitarian could also be taken synonymously with instrumental theories (Garriga and Mele, 2004; Jensen, 2002) in which the corporation is seen as only an instrument for wealth creation, and its social activities are only a means to achieve economic results. The utilitarian theories are related to strategies for competitive advantages. The proponents of these theories are, for instance, Porter and Cramer (2002) and Litz (1996) who viewed the theories as bases for formulating strategies in the dynamic usage of natural resources of the corporation for competitive advantages. The strategies also include altruistic activities that are socially recognized as instruments for marketing.

Secchi (2007) further divides the utilitarian group of theories into two, namely, the social costs of the corporation and the idea of functionalism. The social cost theory has a basis for corporate social responsibility in which the socio-economic system in the community is said to be influenced by the corporate non-economic forces. It is also called instrumental theory (Garriga and Mele, 2004) because it is understood that corporate social responsibility as a mere means to the end, which leads to the fact that the social power of the corporation is materialized specifically in its political relationship with society.

The utilitarian theory, therefore, suggests that the corporation needs to accept social duties and rights to participate in social co-operation. Within it, the functionalist theory, specifically advocates that the corporation is seen as a part of the economic system, which one of the goals is profit making. The firm is viewed as an investment, and investment should be profitable to the investors and stakeholders.

Assumptions

The assumptions that govern the theory are surrounded by moral agent. Utilitarians believe that moral agents always have to promote the best possible outcome seen from an impartial perspective. Thus, companies are equally obligated to promote the happiness of total strangers, for example poor Africans, and those closely related to the company, for example the employees.

Utilitarians have generally argued that helping the poor and hungry people, for example, in Africa, rather than relatively well-off people, for example, in Denmark, seems to maximise happiness as seen from an impartial point of view, other things being equal (Singer, 1970)

b. Managerial Theory

Secchi's (2007) analysis further stresses the logic of managerial theory that emphasizes corporate management in which corporate social responsibilities are approached by the corporation internally. This makes the difference between utilitarian and managerial perspective of corporate social responsibility. This suggests that everything external to the corporation is taken into account for organizational decision making.

Managerial theories are also strongly related to political theories based on the conceptualization by Garriga and Mele (2004) (see Table 2) and supported by Wood and Lodgson (2002) as well as Detomasi (2008). They stress that social responsibilities of businesses arise from the amount of social power a corporation has and the corporation is understood as being like a citizen with certain involvement in the community. The origin of the political power of CSR is based on Davis's (1960) idea who proposed that business is a social institution and it must use power responsibly. It is also noted that causes that generate the social power are from inside and outside of the corporation.

c. Relational Theory

Relational theory has a root from the complex firm-environment relationships. The theory was developed by Garriga and Mele's (2004) analysis of stakeholder approach which were then supported by the work of Mitchel, Agle and Wood (1997). As the term implies, interrelations between the two are the focus of the analysis of corporate social responsibility

Conclusions about the three groups of CSR theories are as follows: Utilitarian is simplified in its views by the individuals and mechanical from the corporation perspective, managerial is very organizational oriented and measurable; and relational is values-based as well as interdependent between the corporation and society. This conclusion is further strengthened by another not-so-distant conceptualization about CSR in that the theories are grouped into instrumental, political, integrative and value based. Instrumental theory is focusing on achieving economic objectives through social activities; political focusing on a responsible use of business power in the political arena; integrative concentrating on drawing together management issues, public responsibility, stakeholder management and corporate social performance; and ethical theory is emphasizing strategies to achieve a good society.

Figure 1 Explaining the Theoretical Linkages of Corporate Social Responsibility Theories

Table 1: Utilitarian, managerial and relational theories of CSR

Utilitarian Theory	Managerial Theory	Relational Theory
Theories on social costs Functionalism	Corporate social performance Social accountability, auditing and reporting (SAAR) Social responsibility for multinationals	Business and society Stakeholder approach Corporate global citizenship Social contract theory

Source: Secchi (2007: 350).

For other related theory under corporate social responsibility are presented in the table 2 below;

Figure 2 Corporate Social Responsibilities Theories and Related Approaches

Types of Theory	Approaches	Short Description
Instrumental theories (Focusing on achieving economic objectives through social activities)	Maximization of shareholder value Strategies for competitive advantage Cause-related marketing	Long term value of maximization Social investment in a competitive context Firm's view on natural resources and its dynamic capabilities Altruistic activities socially recognized as marketing tool
Political theories (focusing on a responsible use of business power in the political arena)	Corporate constitutionalism Integrative social contract Corporate citizenship	Social responsibilities of businesses arise from the social power the firms have Assumes that a social contract between business and society exists The firm is understood as being like a citizen with certain involvement in the community
Integrative theories	Management issues Public responsibility Stakeholder management Corporate social performance	Corporate response to social and political issues Law and the existing public policy process are taken as a reference for social performance Balances the interests of firms' stakeholders Searches for social legitimacy and processes to give appropriate responses to social issues
Ethical theories (Focusing on the right thing to achieve a good society)	Stakeholder normative theory Universal rights Sustainable development The common good	Considers fiduciary duties towards stakeholders of the firm. This requires some moral theories Based on human rights, labor rights and respect for environment Aimed at achieving human development considering present and future generations Oriented towards the common good of society

Source: Garriga and Mele (2004: 63-64).

Conceptual Issues Underpinning Corporate Social Responsibility

Through corporate social responsibility, businesses reaffirm their principles and values, both in their processes and operations and in their interaction with other social actors. Corporate social responsibility is generally voluntary in nature and refers to activities that exceed a mere compliance with the law. The social and environmental responsibilities of enterprises may reflect the changing expectations of society. For example, what enterprises consider convenient practices today may become indispensable ones tomorrow. In addition, it is expected that different social actors interested in the activities of a certain enterprise will prioritize different social and environmental demands, which may contradict or compete with one another at times.

Corporate social responsibility poses several challenges for enterprises, including the need to define their responsibilities with respect to those of the public sector, determine the extent of their obligations in the supply chain and decide until what point in the future they should anticipate and plan for the consequences of their activities, especially in the case of natural resource use. Pragmatism in corporate social responsibility is essential because despite the many issues it can address, corporate social responsibility also has its limits and cannot substitute for the role of government in enforcing laws and international labour standards.

Corporate social responsibility as defined by European Commission (2001) is “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” following increasingly aware that responsible behaviour leads to sustainable business success. Corporate social responsibility social activities may include charitable contributions to local and national organizations such as fundraising, donations and gifts in areas where it trades and others like regeneration of deprived communities, reclamation of derelict land and creation of new regeneration jobs.

However, what cuts across a number of definitions that scholars have proposed on the concept of corporate social responsibility is the general belief that, beyond the quest to maximize corporate profits, corporate organizations play a crucial role in solving society’s problems.

For Matten and Moon (2004), the fundamental idea of corporate social responsibility is that “it reflects both the social imperatives and the social consequences of business success, and that responsibility accordingly falls upon the corporation, but the precise manifestation and direction of the responsibility lies at the discretion of the corporation.”

Such a characterization of corporate social responsibility makes it a mandatory exercise in that it assumes that business has a direct responsibility to help in solving society’s problems. We argue that, though the modalities of implementing corporate social responsibility programmes are at the discretion of corporate organizations, it does not make corporate social responsibility a freely chosen programme to contribute towards social prosperity.

Therefore, for Aristotle and subsequent proponents of the broader view of corporate social responsibility such as Davis (1983), the widely held narrow view of corporate social responsibility that business is primarily concerned with profit making and maximization than social concern is unrealistic. For Davis, corporate organizations ought to have responsibilities beyond simply enhancing their profits because they enjoy greater social and economic power in any society.

The apparent conflict between corporate social responsibility and firm objectives was noticed quite early by the Nobel laureate Milton Friedman, who had declared that any effort to use corporate resources for purely altruistic purposes would constitute socialism. In fact, Friedman recommended that corporation law should be modified to discourage corporate social responsibility (Manne, 2006). And yet more than thirty years after Friedman made his declaration, corporate social responsibility has become the norm. Surprisingly enough, empirical research has indicated positive, neutral and even negative impacts of corporate social responsibility on financial performance. While corporate social responsibility skeptics can explain away the practice of corporate social responsibility as a result of pressure from society, an explanation for the profit motives behind corporate social responsibility becomes even more necessary to explain the source of the social pressure.

Corporate Social Performance and Firm Profitability

Theoretical Review

Financial theories on the connection between corporate social performance and firm financial profitability are based on equilibrium asset pricing models as well as on the efficient market hypothesis (Guenster et al 2005 and the references therein). It predicts three possible relations.

One direction of reasoning postulates a neutral relation. It assumes that the risk associated with compliance with Corporate Social Responsibility is not priced, therefore all companies, corporate social responsibility complying as well as non- corporate social responsibility complying, have the same rate of expected return and face the same cost of equity capital (Hamilton et al. 1993).

This reasoning is in line with standard financial theory (risk-return paradigm) where only risk factors are priced in the market. On the other hand, if the risk associated to Corporate Social Responsibility compliance is (correctly) priced by the market, the same risk-return paradigm would imply a negative relation between corporate social performance and financial performance. As put forward by Shane and Spicer (1983), firms which actively account for the corporate social responsibility risk factor are seen as less risky investments (relative to the firms that ignore it). Consequently, on a risk-adjusted basis, their expected returns are predicted to be lower.

Finally, the third view postulates that the compliance with Corporate Social Responsibility principles is not efficiently priced by market participants. A positive (negative) relation follows depending on the sign of the inefficiency. For example, Hamilton et al. (1993) argue that, if a sufficiently large number of investors underestimate (overestimate) the probability that adverse events related to Corporate Social Responsability issues might affect companies not complying with the corporate social responsibility principles, then their stocks will provide lower (higher) risk-adjusted return than socially responsible companies stocks.

Since the answer to the question whether the risk associated to Corporate Social Responsibility issues is (correctly) priced by the market cannot be given on theoretical grounds only, it is investors' perception of the relevance of the Corporate Social Responsibility principles that counts in the end. If investors believed that companies implementing the Corporate Social Responsibility principles are resource wasteful, they would determine a negative return premium on these companies stocks. To the contrary, if corporate social responsibility behavior of companies is in line with investors beliefs, they would determine a positive return premium for these companies stocks (Ullman, 1985). We turn now towards the empirical evidence. Anticipating, we can say that empirical results have failed so far to capture investors' beliefs.

Corporate Social Responsibility Development in Nigeria

With regard to Nigeria and the development of corporate social responsibility, Nigeria has been party to several international human rights treaties. The government of Nigeria is one of the governments together with Azerbaijan and Ghana, Kyrgyzstan who have committed to the UK-led Extractive Industries Transparency Initiative, where they have committed to making public all their revenues for oil, gas and mining.

Building on the United Nations declarations, conventions and efforts of constituents especially the International Labour organisation, the ISO has continued a process towards a harmonized approach under the leadership of both the Swedish Standard Institute and the Brazilian Association of Technical Standards. This process has active participation of Nigeria where the National Mirror Committee on Social Responsibility is working to contribute towards the completion of ISO26000 by 2008. The aim is to encourage voluntary commitment to social responsibility and will lead to common guidance on concepts, definition and methods of evaluation.

The Nigerian government has also through its NEEDS strategy (Nigerian National Planning Commission 2004) set the context by defining the private sector role as by stating that "the private sector will be expected to become more proactive in creating productive jobs, enhancing productivity, and improving the quality of life. It is also expected to be socially responsible, by investing in the corporate and social development of Nigeria…"

Further a Global Compact network was officially launched in Nigeria during the 12th Annual Nigerian Economic Summit in Abuja in 2006 where some Nigerian companies have already signed on to the Global Compact. The Nigerian oil sector is dominated by multinational companies. To compensate for the government's governance failures and to protect their own business interests, the companies often engage in corporate social responsibility. The history of formalized corporate social responsibility in Nigeria can be traced back to the corporate social responsibility practices in the oil and gas multinationals with the focused on remedying the effects of their extraction activities on the local communities. The companies provide pipe-borne waters, hospitals and schools. Many times these initiatives are ad hoc and not always sustained (Amaeshi, Adi, Ogbechie & Amao, 2006).

According to a study on corporate social responsibility in Nigeria (Amaeshi, Adi, Ogbechie & Amao, 2006) it appears that Nigerian companies are engaged in one corporate social responsibility activity or the other. However, 85 percent of the respondents said that there is an awareness of corporate social responsibility in Nigeria but without significant actions, while 7.7 percent either claimed there is almost no awareness with significant actions, respectively as shown in the table below.

Figure 3 Level of Awareness of Corporate Social Responsibility

Level of Awareness CSR	Characteristic of Level	Percent (%)
Low	Almost no awareness	7.7 percent
Medium	Awareness without significant action	85 percent
High	Awareness with significant action	7.7 percent

Sources: Amaeshi, Adi, Ogbechie & Amao, 2006 with modification

The study revealed that there is more emphasis on community involvement, less on socially responsible employee relations and almost none with regard to socially responsible products and processes (Amaeshi, Adi, Ogbechie & Amao, 2006). Unlike in many other countries the Nigerian consumer is not as empowered and is just beginning to have the basic safety of products by the National Agency for Food and Drug Administration and Control (NAFDAC), and the Standards Organisation of Nigeria (SON) (Amao, 2006).

As to environmental protection, prior to oil, agriculture (before 1970) was the economic mainstay in Nigeria. When financial resources became available from oil and with no development policy, unguided urbanization and industrialization emerged which led to degrading the environment.

When the illegal dumping of toxic wastes took place in Koko, in 1987 the Nigerian Government promulgated the Harmful Wastes Decree. This decree provides a legal framework for control of disposal of toxic and hazardous waste in any environment within Nigeria. After the decree, the Federal Environmental Protection Agency (FEPA) was established in the 1988, charged with the responsibility of protecting and developing the Nigerian environment.

The principal legislation with regard to environment is Decree 86 of 1992 which makes Environmental Impact Assessments (EIA) mandatory for both public and private sectors for all development projects.

Even though progress is made, Echefu and Akpofure (2003) claim that when examining the various statutes, the framework for the EIA process, and the entire environmental regulatory process, it reveals that many of the statutes are not working according to intentions. The authors stipulate that there is a duplication of the functions in the processes which results in serious bottlenecks and bureaucratic confusion in the environmental process of Nigeria.

Summarizing above, there are positive trends with a number of national initiatives regarding corporate governance and environmental initiatives. At the same time, it still seems to be bureaucratic and institutional hindrances for the effective implementation of many of these initiatives.

Literature Review

Summary of Empirical Findings

Author	Year	Scope	Methodology	Focus ,Findings and Conclusions
Boutilier	(2007)	51 selected Companies	51 selected companies	The study applies the social network analysis concepts of social capital, bridging, bonding, and core periphery structure to firm/stakeholder networks.
Lopez, Garcia, and Rodriguez,	(2007)	total sample of110 firms from the period of 1998 to 2004	Dow Jones Sustainability Index	They confined that managers' strategic views of corporate social responsibility in their conclusion, they found that the link between the performance indicator and CSR is negative.
Mackey, and Barney,	(2007)		Simple Model of Supply andDemand	Their findings reveal that if the demand for socially responsible investment opportunities is greater than the supply.
Shropshire, and Hillman	(2007)	sample of 23 selected Companiesin Poland	using a LongitudinalSample	Further work in this area will help to direct the breadth and depthof stakeholder management. As only one of the seven industries in the study places any focus on them.
Hart and Ahuja and King and Lenox	(1996) (2002)	sample of US firms during 1989-1993 and 1987-1996		Find that different measures of environmental performance positively impact one-period ahead as well as two-period ahead return on assets based.
Guenster et al	(2005)	sample of US listed firms for the period 1996-2002	Average Analysis	find that a strategy of buying stocks with high socially responsible ratings and selling stocks with low socially responsible
Balmer and Greyser	(2006)	UK and Bulgariancompanies	Simple percentage analysis	They conclude that the overall attitude of the respondents toward the importance of CSR for their companies is more or less important, it was envisaged that the model outlined will be employed in future empirical research concerning. In conclusion, the authors posit that U.S.–based companies favor more heavily economic justifications for engaging in CSR and their results also show that institutional ownership has only an indirect effect on firm.
Li, J., Lam, K., Qian, G., & Fang, Y.	(2006),	433 publicly listed companies in Hong Kong.	two-stage structural equation	Their results also show that institutional ownership has only an indirect effect on firms' performance, Therefore, there is strong support for dividing the concept into its positive and negative components, which are separated yet related constructs.

Methodology

Sources of Data

This study depends mainly on secondary data, which was obtained from the ten (10) randomly selected profitable firms on the Nigerian Stock Exchange. There annual reports and financial summary between "1999-2008" i.e. ten (10) years period. The selected firms are Nestle Plc, PZ Plc, UAC Foods Plc, Flour Mills, Cadbury Nigerian Plc, Unilever Plc, May and Baker Plc, Nigerian Bottling Company, Northern Nigerian Flour Mill Plc and Pepsi.

Model Specification

This study examine Impact Of Corporate Social Responsibility On The Profitability Of Firms In Nigeria, the study employs econometric method in formulating a regression model which would be analyzed through the use ordinary least square regression (OLS). The model to be used for this study will be adopted from the previous work of OLu Ojo (2003) titled ***"appraisal of the practice of social responsibility by business organization in Nigeria".*** The methodology employed in the study was that the researcher examines the annual report and accounts of randomly selected companies and compared their turnover with their investment in social responsibility stated as:

$TUV = \beta_0 + \beta_1 CSR$

He makes use of correlation, regression, and analysis of variance (ANOVA) to analyze the relationship between the two variables. The above model would be adopted and modified for this study. Therefore, this study present the below model;

$$Y = f(X_1) \quad (1)$$

$$Y = b_0 + b_1 X_1 \quad (2)$$

$$PAT = b_0 + b_1 CSR + u \quad (3)$$

Where:

PAT = Profit after Tax to proxy firms profitability as dependent variable

CSR = Corporate Social Responsibility of the selected company

b_0-b_1 , = Parameter of the Estimate

U = Error term

Method of Data Analysis

For the purpose of this study ordinary least square method is employed, this is because the parameter estimate obtained by the OLS is adopted because it computational procedure is fairly simple and the data requirement are not too concessive.

Criteria for Decision Making

The validity of this analysis will be based on the following criteria

Standard Error Test: The standard error will show that the estimate are accurate only if they are less than the half the coefficient.

T Test: It is carried out in other to ascertain the significant of the parameters. The student t distribution will test the null hypothesis $H0 = \beta 1 = 0$ against the alternative hypothesis. $H0 = \beta 1 \neq$. Thus, we can derive the result whether the computed t value, t (n-k) degree of freedom at 50% level of significant is greater or less than the critical t value from the table. If the computed t is greater than the critical t, we reject the H0 and accept the alternative hypothesis that beta estimate is significantly different from zero.

R^2 Coefficient Of Determination: This reveals the percentage/proportion variable in the dependent variable that is explained by the independent variable(s). It maximum value is 1 or 100%.

F Test: It reveals the significant of the overall regression equation for further prediction. This test, at (k-1) (n-k) degree and N is the number of observation and at 5% level of significant will indicate whether or not the expected variable(s) is likely to have occurred by chance or not.

The decision rule is that if computed F is greater than critical F (from the table) accept the question as significant and reliable for prediction purpose or policy formulation i.e. H0 = 1 = 0. if computed F is less than critical F, accept the equation as significant and unreliable i.e. H0 = $\neq 0$

Durbin Watson: This will enable us to test the presence of autocorrelation in the distributed terms. The hypotheses are:

H0: $\beta 1 = 0$ No correlation

Ho: $\beta 1 \neq 0$ auto correlation

Regression Co-Efficient: These shows the value and sign attached to each of the parameters. The sign are very important, because they allow us to see whether our result confirm to the theory or not. If a positive relationship is expected between a dependent variable, then the sign of the regression coefficient is expected to be positive, the same goes for a negative relationship.

Data Presentation

Table 1: Showing Average of Profit After Tax and Investment in Corporate Social Responsibility of Ten Selected Firms in Nigeria

YEAR	Profit After Tax (N'000Million)	Investment in CSR (N'000Million)
2008	10,441,650.50	5,022,839.14
2007	12,509,238.50	12,739,304.00
2006	29,115,905.60	3,529,258.50
2005	26,728,203.80	3,255,632.25
2004	24,733,337.90	5,478,534.33
2003	10,523,460.20	5,035,579.60
2002	5,924,806.30	10,886,232.78
2001	6,920,775.00	1,669,611.00
2000	7,502,626.40	625,389.63
1999	8,143,388.50	1,400,191.83

Source: Researcher Computation (2011)

Data Analysis

Dependent Variable: PAT
Method: Least Squares
Included observations: 10

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CSR	-0.177424	0.792544	-0.223866	0.8285
C	15135117	4946862.	3.059539	0.0156

R-squared = 0.622016 (62%) Adjusted R-squared = 0.591254
Durbin-Watson stat = 0.642927 F-statistic = 24.103260
Source: E-View Output Analysis

Discussion of Result

The analysis above explains the relationship between corporate social responsibility and firm's profitability in Nigeria. The table revealed that the amount committed to social responsibility vary from one company to the other. The data further revealed that all the sample firms invested less than ten percent of their annual profit to social responsibility.

However, the E-view analysis above depicts that negative relationship (-0.177424) exists between firm's performance measure with profit after tax and investment in social responsibility. This implies that the slope of the estimate is in accordance with the a priori expectations, which shows that there is inverse relationship between the two variables (PAT and CSR).This implies that the more the profit recorded by firms in Nigeria the less they invest in corporate social responsibilities. This suggests that these organization survival and ability to make profit in the long run could be threatened as various stakeholder particularly there host communities could threaten their existence. This result conforms with evidence from Lopez, Garcia, and Rodriguez, (2007), carried out their study based on the Dow Jones Sustainability Index. The study uses a total sample of 110 firms from the period of 1998 to 2004 and analyzes the relevant accounting indicators. Accounting information published by sample firms was compiled. They found that the link between the performance indicator and CSR is negative.

The co-efficient of determination of the result obtained gives 0.622016 (62%), this depicts that the explanatory variable account for about 62% changes or variations in selected firms performance (PAT) are caused by changes in corporate social responsibility (CSR) in Nigeria. The test of autocorrelation shows that there is no serial autocorrelation for the regressed model under study because the value obtained gives 0.642927 which falls below the range of autocorrelation.

Summary, Concluding Remarks and Policy Suggestions

Findings from analysis shows that the amount committed to social responsibility vary from one company to the other. The data further revealed that all the sample firms invested less than ten percent of their annual profit to social responsibility. However, the Empirical analysis above depicts that negative relationship exists between firm's performance measure with profit after tax and investment in social responsibility. which shows that there is inverse relationship between the two variables (PAT and CSR). The co-efficient of determination of the result obtained gives 0.622016 (62%), this depicts that the explanatory variable account for about 62% changes or variations in selected firms performance (PAT) are caused by changes in corporate social responsibility (CSR) in Nigeria. The test of autocorrelation shows that there is no serial autocorrelation for the regressed model under study because the value obtained gives 0.642927 which falls below the range of autocorrelation.

Concluding Remarks

Companies face challenges and limitations as they implement CSR. These usually relate either to political issues or to organizational-level concerns and are often embedded in culture. The complexity of operating in a global society places new demands on organizations and their leadership. This study concludes that profitable organizations in Nigeria do not invest much in corporate social responsibilities and this has tendency to threaten their long run existence.

Policy Suggestions

Though, in Nigeria social responsibility is encouraged in achieving greater firm's performance, but organizations in the country have not really engaged in CSR which have implications for the survival of these firms. This paper therefore offer the following policy suggestions on how firms can improve on their CSR to ensure greater and better performance.

Policy framework should be design for corporate social responsibilities in Nigeria by the government and ensure compliance by setting mechanisms and institutions for the implementation of CSR.Companies in Nigeria particularly the profitable one should give greater priority to CSR. This has the tendency to assist them to survive and maintain their profitability. Attention should be given to social accounting and social costs by firms in Nigeria.

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