AKU: AN AFRICAN JOURNAL OF CONTEMPORARY RESEARCH
ISSN: 26814-0761 (Print) 2814-0753 (e). Vol. 5 No. 1. 2024
A Publication of the Association for the Promotion of African Studies

CORPORATE SOCIAL RESPONSIBILITY AND FINANCIAL PERFORMANCE OF LISTED PHARMACEUTICAL COMPANIES IN NIGERIA

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DOI: 10. 13140/RG.2.2.26135.18082

Abstract

This study established the effect of corporate social responsibility on firm value of listed pharmaceutical companies in Nigeria. Specifically, the objectives of the study were to examine the significant relationship between gifts and donations, provisions for social amenities, employee management and dividend payout on the firm value of the pharmaceutical firms in Nigeria, the study adopted expo-factor research design. Secondary data was used as a sources of data collection from the CBN statistical bulletin Statistical Package for Social Sciences (SPSS, v. 25) was used in quantitative data analysis in this study. Simple random sampling was used in selecting the respondents on random. The findings from the study revealed that gifts and donations and employee benefit have a positive and significant effect on return on asset of listed pharmaceutical companies in Nigeria. While social amenities and dividend payout do not have a positive and significant effect on return on asset of listed pharmaceutical companies in Nigeria. Based on the findings, the study thus recommended that; Management of firms should use well-established mechanism of gifts and donations that contributes to an improvement in firm value. Firms should fulfill their social responsibilities then it will improve the society, environmental conditions and overall economy of Nigeria which leads to create positive image of firms and all other stakeholders' regarding the organizations. Also, Management of firms should invest on social amenities in their host community in order to ensure peaceful coexistence, enhance sustainable communities and improve the livelihood of the host community. In addition, the firms operating in Nigeria should focus more on employee management as part of CSR as it helps gain a better corporate image within the community, and that firm value would improve over time as a result of spending more on employee management. The firms operating in Nigeria should focus more on dividend payout as part of CSR as it helps gain a better corporate image within the community, and that firm value would improve over time as a result of spending more on dividend payout.

Keyword: Corporate, Social Responsibility, Financial Performance, Donations, Community

Introduction

Profit maximization has always been the primary goal of every business firm, and it is the measure for performance. However, corporations have pursued profit maximization at the expense of environmental protection and even labour rights and consumers' interest, which cause many negative externalities. This development has put pressure on business firms as the society does not evaluate their performance based on profitability alone but

commitment to social responsibility obligations.

The believe that corporations have a responsibility towards society is not new. The historical evolution of CSR can be traced back to the early 20th century, where businesses first began to engage in philanthropy and charitable giving. However, it was not visible until the 1950s and 1960s that the concept of social responsibility began to emerge, with the rise of social and environmental movements. The intensifying demand for stakeholders' interest in social performance has put pressure on firms to embark on CSR practices and reporting. Some corporations have quickly launched on CSR practices and are reporting them via their annual reports, placing the information on their websites or publishing a separate report regarding their CSR activities. Corporate Social Responsibility (CSR) is the inclusion of social, economic and environmental interests of all the stakeholders in the corporate decision-making of a firm. The role of CSR is to produce an overall positive impact on the stakeholders, and it is very important for firms' survival. CSR is a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment. The motivation to engage in CSR may include improvement in corporate financial performance, customer's loyalty and environmental development, pressures from consumers and civil society and corporate objectives. Since CSR is a voluntary engagement in most cases, each company decides individually on the scope of its CSR activities.

The corporate social responsibility is a major issue that attracts attention of many researchers in the world regarding the responsibility of firms towards its immediate environment and society that can bring tremendous development to the economy and socio-political relationship. This is an integrated economy in the world where many challenges faced by firms can be solved amicably in order to ensure business survival in a competitive environment (Abubakar, 2016). This is a way of integrating social and environmental demand for the purpose of achieving the needs of various stakeholders within and outside business operation (Uadiale et. al, 2012). In practice, the idea of CSR has changed from being seen as being harmful to a company's profits to being seen as perhaps being advantageous to the organization as a whole, at least over the long term. Disclosure of corporate social responsibility is essentially split into two categories: disclosure that is required and disclosure that is optional.

Despite the fact that CSR is becoming more and more important and statutory, research still shows that Corporate Social Responsibility performance and reporting by organizations all over the globe is limited (Catanzariti and Lo, 2015). A possible reason for this occurrence is the probable dearth of ability within the significant decision makers particularly, the board of directors, who are seen to be key players in organizations' CSR achievements to interpret proper decisions concerning CSR and CSRR. Although series of arguments based on the researches are found in literature as to the relevancy or irrelevancy of corporate social responsibility to the host community there is no unanimous agreement on the subject matter due to the peculiarity of settings and the variation of methodology by the past studies (Kim, Hatfield & Carlos, 2014). Some studies such as (Cheng & Kang, 2016), Agahee & Gbasemi, 2017, argue that corporate social responsibility enhance financial performance, social and environmental stability. Other such as Aras, Aybals and Kutlu, (2020) content it is the waste and represents the diversion of organization's resources to activities that has no profit potentials.

Proponents maintain that CSR Promote the organizational performance while critics allude that CSR is injurious to an organization because it does not focus on the main objective of the organization. To this end, the study evaluates the effect of corporate social responsibility on financial performance of the listed pharmaceutical firm in Nigeria. It is therefore important to note that there has been limited studies with varying results carried out to link financial performance with the CSRR decision making process. In light of this development, this study seeks to fill these gaps by aiming to delve into the financial performance and the subsequent effect on CSRR. This is carried out by meticulously reviewing already existing literature, and subsequently providing hints and new ideas to fill the existing gaps in previous research and also to shed more light on how corporate social responsibility affects financial performance of Nigerian's pharmaceutical firms.

Statement of the Problem

The pursuit of financial expansion often has negative environmental effects, such as hazardous workplaces, exposure to poisonous substances, urban degradation, and even the occasional death of the people from inhaling toxic waste, and it does not necessarily result in social development, Shehu (2015). To cushion these adverse effects, corporations voluntarily contribute to the advancement of societies in form of CSR.

In an attempt to study the relationship between corporate social responsibility and financial performance of listed pharmaceutical companies in Nigeria, it was discovered that since the emergence of corporate social responsibility in Nigeria, there is little or no law put in place by Nigerian government in the area of corporate social responsibility. Corporate social responsibility is still at the discretion of the companies to provide corporate social responsibility services to their operating environment.

Another problem is the highly divided opinion on the importance or otherwise of influence of corporate social responsibility on financial performance of listed companies in the country. Some studies argue in favor of CSR because it increases profitability and promotes social and environmental stability (Freeman, 1984; Adebiyi, et al. 2014); however, others claim it is wasteful and unnecessary because it diverts resources from the firm's core business (Amole et al 2017).

This prompted the necessity to do research on a particular industry to determine the likely outcomes of putting CSR into practice. In light of the aforementioned, this study evaluated the link between CSR and the financial success of companies in Nigeria's pharmaceutical firms.

Objective of the Study

The major objective of the study is to examine the effects of Corporate Social Responsibility on the financial performance of listed pharmaceutical companies in Nigeria. Specifically, the objectives of the study are to:

i. Examine the relationship between Gifts and Donations on the financial performance of the pharmaceutical firms in Nigeria.

ii. Evaluate the relationship between provisions for Social Amenities on the financial

performance of the pharmaceutical firms in Nigeria.

iii. Evaluate the effect of Employee's management on the financial performance of the pharmaceutical firms in Nigeria.

iv. Examine the relationship between Costs of Dividend on the financial performance of the pharmaceutical firms in Nigeria.

Research Hypothesis

The following null hypothesis were formulated and tested in this study.

H_{O1}: There is no significant relationship between gifts and donations and the return on assets of pharmaceutical firms in Nigeria.

H_{O2}: There's no significant relationship between Cost of providing social amenities and the return on assets of pharmaceutical firms in Nigeria.

H_{O3}: There is no significant relationship between employee's management and the return on assets of the pharmaceutical firms in Nigeria.

$H_{O4:}$ There is no significant relationship between costs of dividend and the return on assets of the pharmaceutical firms in Nigeria.

Significance of the Study

The following group of stakeholders will place a high value on the study's findings in the following ways:

By offering more up-to-date research on the subject, the study will add to the body of corporate social responsibility literature already in existence. The results of this study will therefore be used as reference material by other researchers.

Given that the topic of CSR practices has gained attraction recently, particularly in developing nations like Nigeria where the problem of environmental degradation is pervasive, if management and organizations have access to the study's findings, they will be better able to assess how their performance might be impacted by their participation in CSR practices. Such information would encourage listed firms to invest more in environmental protection and enhancement, increasing eco-efficiency and corporate competitiveness across the economy's manufacturing sectors.

The knowledge gained from this study will be helpful to regulators and policy makers who may be drawn to the study in order to understand the relationship between Corporate Social Responsibility and the firms' values. This is because the decision to engage in CSR practices, as well as the extent of engagement and disclosure, are still largely voluntary in Nigeria as a result of the lack of a statutory requirement. This effort will serve as a wake-up call for the regulatory authorities and relevant entities to put in place machinery that would support required Corporate Social Responsibility practices as the need for potential mandatory requirements on environmental reporting issues increases.

The project's results will also raise awareness of the need to hold businesses accountable for good CSR policies in order to ensure a sustainable environment among the host communities and other stakeholders/non-shareholders who may be interested in the work. Additionally, as environmentally sensitive customers and the general public would always be on the lookout for socially and morally responsible businesses, corporate organizations as ethical investors will profit in the long run performance.

The study also gives stakeholders a way to comprehend, assess, and support such efforts as environmental accounting continues to become ingrained in society. Government and government agencies will gain a great deal from the study since it offers a thoughtful argument for why environmental reporting standards should be added to yearly reports of private companies. The work will be helpful to students and other researchers because it offers a wide variety of information and opportunities for additional investigation.

Scope of the Study

The study looks at how Nigeria's listed pharmaceutical companies' financial performance and corporate social responsibility reporting relate to one another. During this, three fundamental areas—Gifts and Donations (GD), the cost of providing social amenities (CPSA), cost of dividend and Employment management —were seen as CSR measures, along with one financial performance indicator, Return on Assets (ROA). The selected Nigerian pharmaceutical companies' that are mentioned (quoted) in this study span the years 2013 through 2022. All pharmaceutical companies are the study's objective, although select quoted pharmaceutical companies' that operate in the North Central region including Abuja and are listed with the Security and Exchange Commission are also taken into consideration (SEC). These companies—Esoma pharmaceutical ltd, Zutron pharmaceutical ltd, New Age pharmaceutical industry ltd, Swiss pharma Nigeria ltd, Biomedical ltd. To determine the extent to which CSR is able to reduce friction between the firm and its operating environment, hence improving financial performance, the cost of CSR is compared to expenditure for firms and penalties. The companies in this industry were chosen because, in addition to the fact that the majority of them are global corporations and have a long history of embracing CSR principles, it is also defined by a number of environmental challenges.

Literature Review

This study evaluates the connection between Nigerian pharmaceutical companies' financial success and their commitment to CSR. The conceptual review explains the concepts that are related to the research.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is viewed from different perspectives and angles. The perspectives vary from individual authors to organizations and as a result there is no generally accepted unified definition of the concept. However, upon critical examination of the various definitions given, it could be observed that they are centered on three themes as stated by Wissink (2012). These themes are corporate relations to economic, societal, and environmental sustainability. It is on this basis that several terms like corporate conscience, good corporate citizenship, business responsibility, business citizenship,

social performance, sustainable responsible business, community relations, and responsible business are used to connote CSR.

The concept is therefore closely linked to the principle of sustainability, which argues that enterprises should make decisions based not only on financial factors such as profits and dividends, but also based on the immediate and long term social and environmental consequences of their activities (Tilt, 2009).

Usman (2018) opined that social responsibility (CSR) refers to the practice whereby corporate entities voluntarily integrate both social and environmental issues into their business decision making and operations. It also involves the expectations for firms to be: (i) economically responsible when making profits; (ii) legally responsible by relating and obediently complying with the rules and regulations in their jurisdictions; (iii) be ethically responsible by doing the right things and to be fair at all times to its stakeholders and (iv) to use its discretions (occasionally or as the case may be) to share part of its resources or wealth responsibly, to serve the society in general.

In the view of McComb (2002), it is described as the ability of company to link itself with ethical values, transparency, employee relations, compliance with legal requirements and overall respect for the communities in which they operate. In a similar definition by Hill, Ainscough, Shank and Manullang (2007), CSR is the economic, legal, moral, and philanthropic actions of firms that influence the quality of life of relevant stakeholders.
Bowen (1953) introduced the concept of CSR in business and defined it as the "obligation of businessmen to pursue desirable policies from the perspective of society's goals and values, and make decisions or conduct business within the context of them"; providing a broader definition, McGuire [2015] explains that CSR's obligations toward society extend beyond economic and legal obligations.

Ruggie (2002) viewed CSR as a strategy for demonstrating good faith, social legitimacy and a commitment that goes beyond the financial bottom line. Corporate social responsibility affects organization's behaviours and actions so that they assumed the commitments with society, according to their values and role in the society. Carroll and Bocholt (2003) observed CSR as economic, legal, ethical, and discretionary expectations that society has on organizations at a given point in time. Therefore, this issue affects the organization as a whole and cannot be faced by carrying out certain specific activities or planning other compensatory activities (Pau & Domingo, 2005).

McWilliams and Siegel (2001) stated that the definition of CSR was not always clear, and they define CSR as actions that appear to further some social good, beyond the interests of the firm and what is required by law. A modern concept of CSR states that the business enterprises that are in their usual process of business decision making, should pay due attention to the social interests of the hosting community. A company is not only an economic entity but a social and political entity also. Most of the decisions taken by the companies not only affect the stockholders but also the creditors, debtors, employees and the society at large in one way or the other (Kapoor & Sandhu 2010 as cited in (Uadiale & Fagbemi, 2012).

In the report of the National Association of Accountants (NAA) (1974), CSR is described as the identification, measurement, monitoring, and reporting of the social and economic

effects of an organization on society. It is the disclosure of those costs and benefits that may or may not be quantified in monetary terms arising from the economic activities of firms, which are substantially borne by stakeholders and the community at large (Perks, 1993).

Ngwakwe (2008) regarded CSR as the primary responsibility of firms to its owners, employees, suppliers, customers, the local community, state and even the federal government. Lyon (2007) views CSR as what an organization does to contribute to the social, economic, political or educational development of the community where it is located, but which it is not compelled to do by any law.

In view of the above, it could be observed that the definitions of CSR given are based on taking into consideration peculiarities of settings in which the definitions are targeted to represent. That informed the reason why variations exist amongst the definitions and none appears to be fully comprehensive. Despite that this study is adopting the definition given by McComb (2012).

Carroll (1991) providing some substance to International Journal of Business and Management Review Vol.8, No.2, pp.37-65, March 2020 Published by ECRTD-UK Print ISSN: 2052-6393(Print), Online ISSN: 2052-6407(Online) 42 presented the argument that CSR involves going beyond the law argued that a definition of social responsibility, if it is to fully address the entire range of obligations business has to society; it must embody the economic, legal, ethical and discretionary categories of business performance.

In a four-part conceptualization of CSR included the idea that the corporation has not only economic and legal obligations, but ethical and discretionary (philanthropic) responsibilities as well (Carroll 1979). Carroll's framework has been utilized by a number of writers and researchers and remains popular within the field (Burton and Goldsby, 2008).

Carroll (1991) later suggests that in essence, an organization is regarded as socially responsible if it operates profitably, complies with the law, engages in ethical behavior, and gives back to society through philanthropy.

Hemphill (2004) summarizes these four components of CSR as striving to make a profit (economic), obey the law (legal), be ethical (ethics) and be a good corporate citizen in its relationship with stakeholders (philanthropic). According to Windsor (2001) economic and legal responsibilities are socially required, ethical responsibilities are socially expected, and philanthropy is socially desired. The point is that for the concept of CSR to be regarded as legitimate, it has to be all encompassing and address the entire spectrum of obligations an organization must be expected to discharge to society, thus, economic, legal, ethical and philanthropic responsibilities.

Though the components have been treated as separate concepts for discussion purposes, they are not mutually exclusive and are not intended to juxtapose a firm's economic responsibilities with its other responsibilities (Sweeney, 2009). Each of these four components deserves closer consideration as presented below:

Economic Responsibilities

Before an organization can give back to society, it must first be sustainable. Sustainability includes making a profit for shareholders, paying its employees an appropriate wage, paying all business taxes and meeting all other related financial obligations. Corporations can show economic social responsibility by being transparent with all stakeholders (including employees) regarding the financial status of the business. Profit motivation was established as the main incentive for entrepreneurship, and to be profitable, an organization must minimize cost, maximize sales and make sensible strategic decisions. Before it was anything else, the business organization was the basic economic unit in societies worldwide.

Legal Responsibilities

To be legally responsible require an organization to abide by the laws of society. Organizations anywhere in the world are required to operate in compliance with the law because the law is society's codification of acceptable and unacceptable behavior. The law mirrors what society regards as accepted or unaccepted. The laws of society typically constitute the most objective and readily accessible guide for distinguishing between permissible and impermissible behavior. Additionally, paying required taxes timely, adhering to labor laws and compliance with laws allowing inspections are all examples of an organization's legal social responsibility. It may sound basic, but not being attentive to legal obligations can lead to an organization being sued and the publication such lawsuit can hurt the organization's reputation, and an organization with impaired reputation would likely suffer a decline in business.

Ethical Responsibilities

Next is an organization's responsibility to be ethical. At its most fundamental level, this is the obligation to do what is right, just, and fair, and to avoid or minimize harm to stakeholders (employees, stockholders, consumers, the environment, and others). Although economic and legal responsibilities embody ethical norms about fairness and justice, ethical duties embrace those activities and practices that are expected or prohibited by society even though they are not codified into law (Carroll, 1991). Ethical responsibilities are distinguished from economic and legal responsibilities in the sense that ethical responsibilities are not required but expected of businesses by society. To assert ethical leadership, businesses must avoid questionable practices or operate above the minimum standard of the law.

Philanthropic Responsibilities

Organization is expected to be a good corporate citizen. This is captured in the philanthropic responsibility, wherein business is expected to contribute financial and human resources to the community and to improve the quality of life. Philanthropy encompasses those corporate actions that are in response to society's expectation that businesses be good corporate citizens (Carroll, 1991). Philanthropy is more discretionary or voluntary on the part of businesses even though there is always the societal expectation that businesses provide it. These activities are purely voluntary, guided only by an organization's desire to engage in social activities that are not mandated, not required by law and not generally expected of business. A firm's discretionary responsibilities generally entail voluntary social involvement, with activities such as contributions to

support the community by providing programs or engagement in volunteerism, actively engaging in acts or programs to promote human welfare or goodwill.

CSR Disclosure for Donations and Gifts (CSRDGD)

Because of intra and intercommunity disputes over CSR advantages, production activities have been hindered and companies' reputations have been damaged (Idemudia, 2014). However, non-governmental organisations (NGOs) are in charge of running and deciding on projects. Local communities are also expected to contribute money, people, and natural resources, such as land, in order to achieve development goals (Loza, 2014,). Access to vital resources and relevant local information, enhanced reputation, and organisational learning can all benefit businesses (Morris & Bartkus, 2015). Due to its strong emphasis on community involvement, this model is likely to reflect fundamental community needs, support local empowerment and strengthen community-business collaboration, reducing inter- and intra-community conflicts (Getz & Oetzel, 2020). Corporate social responsibility (CSR) and corporate philanthropy go hand in hand. Meanwhile, in developing countries like Indonesia, CSR is most often associated with philanthropy or charity, i.e., with investments in education, health, sports development, the environment, and other community services by corporations engaged in social responsibility (Visser, 2008). Whether or not it is referred to as CSR, the most common and popular forms of corporate social responsibility (CSR) in Indonesia are donations, compensation, and disaster relief. Small and medium-sized businesses in Indonesia have a strong interest in philanthropy, but this approach is seen as outdated. "Corporate social stewardship" is another term for this charitable activity that was used professionally in the 1950s and 1960s (Lawrence & Webber, 2014).

Corporate philanthropy, according to Genest, "can be defined as a group of people authorised to act as individuals, especially in business," who share a concern for the well-being and prosperity of mankind and demonstrate this concern through acts that are kind, friendly and helpful (2015). Corporate philanthropy can also take the following three forms, according to Schnurbein, Seele, and Lock: monetary donations, volunteer work, and establishment of corporate foundations (2016). Additionally, we use the paradigm developed by Anheler and Leat to distinguish corporate philanthropy in a charity/service, scientific philanthropy, and innovative scientific philanthropy approach (2016). The term "corporate giving" encompasses all donations made by a company, regardless of the amount donated or the type of donation made. Altruistic motivation, political motivation, and strategic profit maximisation are the four motivating categories listed by Noble, Cantrell, Kyriazis and Algie (2018). Some community claims have been found to have a direct impact on how people make decisions.

Cost of Providing Social Amenities as Reported by CSR

A company's CSR initiatives that directly impact its employees' training and engagement, health and well-being, equal opportunity, and work-life balance are known as internal CSR practises (Turker, 2019). Employee welfare is the primary focus of internal corporate social responsibility, which extends beyond an organization's legal and strategic boundaries. It's significant in its own right. Internal corporate social responsibility is linked to how businesses treat their employees on a personal level. In a 2019 study, Turker found that workplaces benefit psychologically from internal corporate social

responsibility. Laurinaviius and Romeris (2015) define corporate social responsibility (CSR) as a company's commitment to serving all of its stakeholders, from shareholders to suppliers to employees to customers to the local community. CSR encompasses all of these groups.

The Memorandum of Understanding (MOU) between the Australian Federal Government and the Resources Council of Australia (RCA) was signed in June 2005, indicating a resurgence in indigenous employment in the Australian minerals sector. Both parties agree in the memorandum of understanding to work together for a period of five years to increase employment opportunities for indigenous people in specific mining zones (Australian Government & MCA, 2006). Indigenous employment policies and initiatives have been adopted by a number of mining companies and government organisations (Archer, 2015; Lenegan, 2015). There has been an increase in the inclusion of employment and training terms in Indigenous Land Use Agreements (ILUAs) between Traditional Owner groups, mining companies, and State governments.

It's important to remember that social amenities—also known as public amenities—are spaces that are meant to be shared and serve as gathering places for the general public. Villages and settlement areas are now required to have well-built and complete social amenities for the benefit of the local and surrounding communities. They will be able to perform their social duties and activities more easily as a result, and this will help create a society that is cohesive, harmonious, advanced, dynamic, and progressing.

Corporate Social Responsibility and Employee Management

Employees draw clues from the firm's CSR engagement about whether the managers and the firm are fair-minded on an individual, group, and universal level (Aguilera et al., 2007), and evaluate whether the firm's attitudes fit with individuals' identity (Kim et al., 2010). If they fit, the employees develop a sense of belonging, and their future actions are oriented toward reinforcing this identification. Thus, when firms are engaged in CSR initiatives that their employees value, their incentives become more aligned. In other words, identification serves as an important supplement to monetary compensation in motivating employees (Akerlof and Kranton, 2005). Moreover, by fostering interpersonal relationships, offering training and advancement opportunities, participation in decision making, and other firm-specific incentives, companies may be able to raise employees' perception of the current job (e.g., Coff, 1997). In line with this argument, several empirical studies show that firms that implement employee-related CSR programs and are perceived as being fair and caring are better able to attract a higher-quality workforce, foster employees' engagement and commitment to organizational values and practices, and retain talented employees (Albinger and Freeman, 2000).

The organizational commitment has a positive correlation with motivation, performance, and job satisfaction (Mathieu & Zajac, 2020). Organizational commitment has a regulating and building role in the organization. At the same time, it supports employees' working processes through the inter-mediary relationships between management and employees. This will boost their motivation and work results and improve the effectiveness of employee management in the enterprise.

ISSN: 26814-0761 (Print) 2814-0753 (e). Vol. 5 No. 1. 2024
A Publication of the Association for the Promotion of African Studies

Corporate Social Responsibility and Dividend Payout

A dividend simply means that money that a company pays out to its shareholders from the profits it has made. Such payments can be made in cash or by issuing of additional shares as in script dividend. Companies that are listed in the stock exchange are usually obligated to pay out dividends on a quarterly or semi-annual basis. The semi-annual or quarterly payment is referred to as the interim dividend. The final payment, which is usually paid at the end of the financial year of the company, is known as the final dividend. Dividends are normally paid after the corporate tax has been deducted. Dividend policy is primarily concerned with the decisions regarding dividend payout and retention. It is a decision that considers amount of profits to be retained by the company and that to be distributed to the shareholders of the company (Watson and Head, 2014). Theoretically, there are different types of dividend policies. These include constant payout, progressive policy, residual policy, zero policy and non-cash policy. Investors are seen to belong to a particular group or clientele. This is because they tend to pitch their tent with a particular policy that might suite them. This is the clientele effect of dividend policy.

Financial performance

This study also uses financial performance as one of its dependent variables. Financial performance is a specific condition that has been achieved by the company. It is a representation of public trust which the company has accumulated over the years it has been running (Marsha & Murtaqi, 2017). Generally, financial performance always refers to the investor's perception toward the performance of a company by considering stock price as the indicator (Railhans &Kaur, 2013). Profitability, liquidity, leverage, and efficiency are the performance ratios that are typically examined in classic management studies (Richard et al., 2009). Financial statement data can be used to directly calculate these ratios. The standard classification of ratios is expanded to include valuation ratios, which include more recent market evaluations of the company's "value." To construct ratios to analyze financial statements of businesses, simple balance sheet and income statement items are used. Some of the most popular ratios and measurements in financial analysis are Operating income/sales, operating income/average total assets, net income/sales, net income/average stockholders' equity, and earnings per share are ratios that gauge profitability. Ratios that reflect operating efficiency include gross profit to sales, cost of goods sold to average inventories, average collection period, sales to average fixed assets, average total assets, and marketing and administrative costs to sales. Financial leverage ratios include Total Debts/Total Equity, Earnings before Interest and Taxes/Interest Expenses. Current Assets/Current Liabilities and (Current Assets-Inventories-Prepayments)/Current Liabilities are two measures of solvency. Value-related ratios include price-to-earnings, net asset value, market value-to-book value, divided-by-share price-to-share price, and market capitalization. In this study, financial performance was proxied by Return on Assets (ROA) and was determined as:

Empirical Review

There are several previously empirical studies related to corporate social responsibilities and financial performance of companies. Oboreh and Arukahora (2021) examined the influence of CSR on firm performance of business organizations. The study was conducted using quoted firms in Nigeria. Based on the stakeholders' theory, it employed the ex-post

facto research design. Hence secondary data was obtained from the listed companies in Nigeria by Convenience sampling technique. Descriptive statistics, correlation and simple linear regression analysis were used to analyze the data. The study proxied the independent variable with corporate social responsibility expenditure while its dependent variable was measured using four profitability measures namely: ROE, ROA, ROI and NPM. The results showed that corporate social responsibility expenditure of the sampled companies had positive and significant effect on the dependent variables. It was therefore concluded that CSR had significant impact on financial performance of listed organizations in Nigeria.

Sharma, Ali and Dadhich (2021) studied the impact of CSR on financial performance of companies in the manufacturing and service sectors in India. The study sampled some selected companies in both sectors using purposive sampling method. Data used for the study were for the period between 2008 and 2017. Correlation technique had been used to examine the relationship of CSR score and the financial parameters. The study found a significant link between CSR score with financial performance (proxied by ROE, ROA, and ROCE). The findings also showed that return on equity, return on capital employed and the return on assets had inverse relationships with CSR Score of companies in the Manufacturing Sector, while return on equity had positive association with CSR Score companies which operate in the service sector in India. Hence, the study concluded that there was a non-significant relationship existing between CSR and the performance of firms in the India's manufacturing sector.

Lyu, Wang, Zhang and Ng (2021) assessed the effect of corporate social responsibility (CSR) on financial performance in hospitality industry in China. The study employed both quantitative and qualitative content analysis methods and was anchored on the stakeholder theory. The review showed that majority of the studies agreed that there exists positive correlation between CSR and financial performance. The study review also showed that negative associations exist between CSR and performance of samples of companies making losses. Practically, the review results also provide evidence that companies in the hospitality sector should improve in their corporate social responsibility practices.

Gugong and Ayuba (2018) studied nexus between CSR and firm performance of listed firms in Nigeria. The study period was from 2008-2017. The study adopted the Correlational research design. The study sampled a total of 13 listed consumer goods companies. While regression analysis was used to analyze the data. The study concluded that CSR on education and health were significant and positive on financial performance, whereas the CSR on community and employee were negative but significant on financial performance of the listed consumer goods firms in Nigeria.

Gallardo-Vizquez, et al (2019) claim that there is currently no agreement in the literature about the relationship between firm performance and disclosure of corporate social responsibility (CSRD). To shed light on this contentious subject, a meta-analysis was conducted using the ABI/Inform Complete and EconLit databases as search engines. Various filtering were applied to extract publications having substantive, methodological relevance. The study's variables and at least one of the seven keywords indicating empirical data analysis had to be mentioned in each article in addition to other requirements. Due to the process, only 95 articles were included in the meta-analysis. We used the method Hunter and Schmidt established to process the sample. The findings

indicated that the CSRD-performance link was insufficiently significant for use in actual applications. However, when three crucial variables—region, disclosure type, and indicators of organization size—were moderated, the association took on practical significance, according to an analysis of moderating variables. The results of this study provided a significant addition by elucidating the relationships between CSRD and performance and pinpointing the variables that could account for the disparate findings of other studies. Regarding restrictions, only studies that provided Pearson correlation coefficients and standardized beta coefficients were included in the meta-analysis, which was also dependent on the availability of published research.

Ehioghiren and Eneh (2019) looked at the corporate social responsibility reporting of Nigerian banks and insurance firms. All 16 banks and 40 enterprises listed on the Nigerian Stock Exchange as of December 2018 made up the study's population. Based on their size, a sample of 11 banks and insurance businesses were chosen from the total population of banks and insurance companies. Data for the study came from annual reports covering the ten (10) years between 2007 and 2016. The social responsibility expenditures of insurance companies and banks were compared using an independent sample test. It was determined that there was a sizable discrepancy between what banks and insurance businesses spent on social responsibility in Nigeria. Lack of legal requirements and ignorance of the advantages of social accounting and reporting could be linked to the findings' implications. Ibrahim and Hamid (2019) looked at how CSR affected the financial performance of Nigerian listed non-financial services companies. Secondary data was used in the study, which employed an ex-post factor research approach, and was taken from the annual reports and accounts of 23 sampled listed non-financial services companies in Nigeria over a 10-year period (2008-2017). Utilizing the consensus sampling technique, which uses all components of the population for the study, the sample for the investigation was created. the data were analyzed using descriptive statistics, correlation, and regression analysis (GLS Fixed Effect). To validate the findings, robustness tests, including multicollinearity, heteroscedasticity, residual normality, Hausman specification, and F-Test, were carried out.

The association between corporate social responsibility disclosure and financial performance of listed cement businesses in Nigeria was empirically investigated by Gololo (2019). The annual reports of the cited Nigerian cement companies were used as a source for secondary data. Using the purposive sampling approach method, a sample of three [3] companies was drawn from the population of five [5] enterprises. To gather data for the study, researchers used annual reports from ten [10] years ago, from [2008-2017]. Random Effect [RE] with Pooled OLS, Panel Estimation analytic techniques were employed to present and analyze the findings. The findings showed that the employed return on equity and return on capital employed were significantly and favorably impacted by the disclosure of corporate social responsibility. However, as control factors, leverage and business size had a favorable, significant impact on the financial performance of listed cement companies in Nigeria. Therefore, taking into account CSRD was crucial for evaluating the financial success of businesses.

The financial performance of Nigeria's pharmaceutical industry as well as corporate social sustainability reporting were evaluated by Erhirhie and Ekwueme in 2019. This study examined the impact of corporate social sustainability reporting on oil and gas businesses listed on the Nigerian Stock Exchange's return on assets, return on equity, and return on

capital employed. The survey sampled ten oil and gas businesses. The study made use of secondary information gathered through textual analysis, financial ratios, and reports of the various companies. Social sustainability reporting has a negative impact on all three performance proxies, but only the impact on return on equity is statistically significant.

Nigerian banks were used in the study, which looked at the impact of CSR investment and disclosure on the financial performance of businesses in a developing country. The financial performance of a company is unlikely to be adversely affected by CSR investments. This study provided evidence in favor of the claim that businesses could gain both financial and non-financial advantages from a strategic CSR agenda.

Oladipupo and Oladimeji (2018) looked into the relationship between corporate social responsibility and stock market prices. The audited financial records and accounts of the listed companies in Nigeria served as the study's secondary sources for data collection. The study adopted the use of panel regression approach as the tool of analysis, making it both highly descriptive and empirical. Overall, the results of the regression analysis supported the idea that corporate social responsibility and stock market performance were unrelated. It also found that the stock market would have no impact on corporate social responsibility. Wekesa's (2017) study on the relationship between corporate social responsibility and financial performance of the telecommunications company Safaricom Ltd. revealed a negligible but positive correlation between CSR and financial performance as measured by revenue, net income, and earnings per share (EPS). The annual financial reports from 2009 to 2017 were collected as secondary data for the study using a correlation research design.

Dentchev (2015) carried out research on CSR and Corporate Financial Performance. He adopted an exploratory case study methodology to explore the variety of positive and negative effects of CSR on corporate financial performance of organizations. He found that CSR do have negative effects on corporate financial performance since it does harm the competitive advantage of a firm and cause a drop in profitability. Likewise, Rey and Nguyen (2005) revealed that some investment analysts and fund's managers carried out studies on the performance of socially responsible investment fund products and sustainability indices are also regularly reported in order to attract investors and encourage participation.

Mba (2016) examined the impact of CSR on financial performance of quoted companies in Nigeria. Using a sample of forty audited financial reports of quoted companies in Nigeria, the study results revealed that there was negative relationship between CSR and financial performance as represented by the ROE. Similarly, Chand (2006) examined the relationship between CSR and CFP. The study found a negative relationship between CSR and financial performance. In the same manner, Kotchen and Moon (2007) revisited the question of how CSR affected CFP using a different identification strategy and more extensive data. The study revealed positive social performance does affect the firm's financial performance negatively, whereas negative social performance does not have any negative effect on financial performance.

Barnett and Salomon (2016) addressed the relationship between CSR and CFP. The results indicated that as the number of social screens used by an SRI fund increased, financial returns declined at first, but then the returns rebounded as the number of screens achieved a

maximum. Thus, a curvilinear relationship suggested that two long contending points of view might be complementary. Moon (2006) carried out a critical evaluation of the corporate social performance - corporate financial performance link. From the data collected, he calculated financial performance measures such as ROA, ROE, and ROS, as well as Tobin's q, along with the social performance index. He found that there is no significant association between social performance and financial performance.

Manner, Makni, Claude and Ridha (2017) assessed the relationship between corporate social performance and earnings management. Based on a sample of 109 Canadian companies drawn from the Michael Jantzi Research Associates - Canadian Social Investment Database for the years 2004 and 2005, their findings corroborated the multiple objectives hypothesis suggesting that the level of CSR is positively associated with earnings management. Using individual measures of CSR, they found a positive association between firm's CSR ratings related to environment and employees, and the earnings management activities.

Bala, Hung and Matthew (2017) carried out research to determine if there is a link between CSR performance and financial performance among large businesses. In either case, they do not find strong statistical evidence to show that our CSR portfolio outperforms the market; neither does it beat the non- CSR portfolio. Mahoney and Roberts (2007) examined the relationship of CSR to CFP and institutional ownership on a large-sample of publicly held Canadian firms. Based on four years of panel data, results found no significant relationship between a composite measure of firms' CSR and Corporate Financial Performance. However, the study depicted significant relationships between individual measures of firms' CSR regarding environmental and international activities and FP. The findings also indicated a significant relationship between firms' composite CSR measured and the number of institutions investing in firms' stock and also between firms' CSR ratings regarding their international activities and product quality and the number of institutions investing in those firms' stock. Just as Ojo (2007) assessed the effect of CSR on CFP, result revealed that those selected companies have contributed infinitesimal amount of their gross earnings in social responsibility.

Lyon (2007) empirically explored the relationship between CSR and financial performance. The Mann-Whitney U test was used to see if there is a significant difference in CSR scores of companies in the production and service industries. The Spearman rank-order correlation was used to test the relationship between the two CSR variables and the financial performance measures independently. It was discovered that only firms in the production industry benefited financially from CSR, and firms in the service industry were negatively affected. In the same way, Brine, Brown and Pevelin (2007) conducted a study on the relationship between CSR and financial performance in some of the Australian firms. Their independent variable was CSR with financial performance used as the dependent variable, controlling for size (total sales and total assets) and positive relationship between CSR and CFP.

Gunu (2018) studied the influence of CSR on the performance of banks by using Zenith bank as the case study. It was recommended that organizations should make efforts to be socially responsible in order to ensure harmony in the communities in which they are operating. In another study by Oba (2009), the findings revealed that the explanatory variables are found to have significant aggregate impact on market value which was

represented by Tobin's equity Q (i.e. Total debt plus Equity at market value all over the total assets) of quoted pharmaceutical in Nigeria. Ngwakwe (2008) carried out research to establish a possible relationship between CSR and firm's financial performance. Two multiple regression tests were conducted; in the first one, the dependent variable is ROTA while the independent variables are employee health and safety (EHS), waste management (WM), and community development (CD). In the second multiple regression, the dependent variable is replaced with fines, penalties and compensations (FPC). The amounts for fines, penalties and compensations, included litigation costs. Findings from empirical results revealed that CSR practices of the firms are significantly related with the firm performance. Though, Ajayi (2011) investigated the association between corporate environmental visibility and the level of CSR disclosures among listed firms in Nigeria. The simple regression analysis was used to test the research propositions in the study, it was observed that there is a significant association between the corporate environmental visibility and the level of CSR disclosures among listed firms in Nigeria. The study further revealed that environmentally visible firms disclose more environmental information in their annual reports in order to legitimate their operations and to avoid political costs derived from public Scrutiny.

Fodio, Abu-Abdissamad and Oba (2020) conducted research on CSR and Firm Value in quoted Nigerian Financial Services, multiple regression techniques and found a robust positive significant impact of CSR proxies on market value. Results showed that sector classification and positive earnings in previous year are significant instruments in estimating CSR.

Enahoro, Akinyomi and Olutoyi (2019) examined the relationship between CSR and firms' financial performance with focus on the Nigerian manufacturing sector. The results revealed a significant relationship between CSR and profit before tax on one hand; and CSR and turnover on the other hand. In addition, Muhammad (2014) examined the relationship between CSR and firm's financial performance and also found to know whether CSR has any impact on corporate financial performance or not. As per finding of the study, there is a strong positive relationship between CSR and corporate financial performance. Mubeen and Arooj (2014) examined the impact of CSR on shareholders wealth and firms financial performance. Their research result shows the significant positive relationship between CSR and firm's financial performance and shareholders wealth.

Iqra, Naeem and Aqsa (2014) assessed the relationship between the CSR and the corporate financial performance. Nvivo test is applied in qualitative analysis. The conclusion shows the positive relationship of CSR and CFP. It shows that if the firm expands its using on the social exercises it can enhance picture in the clients' brain and hence firm can attain high benefit.

From the extant literature we observed that most of the studies concentrated on 2020 and below while more importantly, there is no known study which had covered up to the year 2022 to the best of knowledge which is of interest to the researcher. This study, however, covers a period from 2014 to 2022.

The present study expanded the methodology adopted by the present study by including gifts and donations, provision for social amenities, employee management, dividend pay-

out and return on assets (ROA) respectively as a measure of corporate social responsibility and financial performance of pharmaceutical companies in Nigeria that operate in the North Central region including Abuja and are listed with the Security and Exchange Commission

There are various theories that support this study among others are Stakeholders Theory: Social Contract Theory, Legitimacy Theory and Managerial Theory. The theoretical framework underpinning this study is the stakeholder's theory because it is a theory of organizational management and business ethics that addresses morals and values in managing an organization. According to Werhane and Freeman (1999) stakeholder is any individual or group whose role or relationship with an organization helps to define the organization concerning its mission, purpose or its goals to the development, functioning, survival and success or wellbeing of the organization and its services or it can be seen as anything that is affected by the organization and its activities.

Stakeholder's theory incorporates not only the investors, customers and suppliers but also governmental bodies, political groups, trade associate, corporations, trade unions, communities, prospective employees, prospective customers and the public at large.
It's pertinent to state that other discussed theories are to certain extent related to corporate social responsibility. However, this study is established on the stakeholder theory which is more suitable for the relevance study Werhane and Freeman (1999).

Methodology

This focuses mainly on the various procedures involved in gathering and analysing the data required for this study. Ex post-facto research is the foundation of this study since it makes predictions about the future behaviour of the study's variables using data that was already generated in the past. The investigation is being conducted using a correlational strategy. A study that tries to determine the level of association between two or more variables is referred to as a correlational study (Karasar, 2013). This study aims to determine the relationship between corporate social responsibility and the financial performance of a few pharmaceutical companies in Nigeria.

The population of this study consists of the Five (5) listed pharmaceutical firms in North Central states and Abuja for the period from 2013 to 2022. The companies are Esoma pharmaceutical ltd, Zutron pharmaceutical ltd, New Age pharmaceutical industry ltd, Swiss pharma Nigeria ltd, Biomedical ltd. From 2013-2022, Data were gathered from the published financial statements of the five (5) listed pharmaceutical companies. The study data was sourced from secondary sources. This is due to the fact that data in the form of financial and market information was used to estimate the model adopted in this study.

The following is a presentation of the model that will be used to test the study's hypotheses:
FP = f (CSR) 0 + 1 GD + 2 PSA + EM + DPO = ROA

This demonstrates that corporate social responsibility may have an impact on financial performance.
Where; Financial Performance = FP
Corporate Social Responsibility, or CSR
0 = intercept; 1, 2 = estimated coefficient

Return on Asset = ROA
Gifts and donations (GD)
PSA = The price of supplying social amenities
EM = Employee Management
DPO = Dividend Pay-out

Gifts and Donations (GD), the cost of providing social amenities, Employee Management and Dividend pay-out will be used to quantify capital social responsibility (CSR) in this case, and return on asset will be used to measure firm value, the dependent variable (ROA).

Variables Proxy Definition, Measurements and Source

Variables	Proxy	Definition	Measurement	Sources
Independent	GD	Gifts and Donations	This is amount of gifts and donations by the firm expressed in monetary terms.	Bala, Hung and Matthew (2017)
Independent	PSA	Cost of Providing Social Amenities	"The total number of activities carried out by the firm to nurture and protect the environment expressed in monetary terms".	Makni, Claude and Ridha (2017)
Independent	EM	Cost of Employee Management	Salaries and benefit due to employees	Enahoro, Akinyomi and Olutoyi (2019)
Independent	DPO	Dividend Pay-out	Cost of dividend pay-out to shareholders	Oboreh and Arukahora (2021)
Dependent	ROA	Return On Asset	Net Income/Net Assets	Berman, Phillips and Wicks (2017)

The data collected (audited financial statement) were analyzed from panel data by using regression analysis (E-views software). Since the research objectives concern assessing if there will be a significant association between two variables, including Corporate Social Responsibility and financial performance of pharmaceutical firms in Nigeria, the study's design is correlational. Due to the correlational nature of the study's design and the fact that Pearson Product Moment Correlation Statistics is best suited for this kind of investigation, the hypotheses will be tested using these statistics.

Findings and Conclusion

Descriptive statistics were used to summarize and present the nature of the data collected. The descriptive statistics used includes minimum, maximum, mean and standard deviation as presented in Table 4.1.

Table 4.1: Descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
ROA	50	0.37	0.61	0.4612	0.05596
Gift and Donations	50	12	16.7	13.142	0.85907
Social Amenities	50	12.1	41.2	18.3586	4.01902
Employee management	50	70.8	122.1	102.068	13.24703
Dividend payout	50	60.5	100.3	80.048	9.3420

The relevant descriptive statistics for all variables in Table 4.1 are calculated based on a

sample size of 5 firms (50 observations). With respect to Return on Assets (ROA), the mean is 0.4612, ranging from a minimum of 0.37 to 0.61. The standard deviation is 0.05596. With respect to gifts and donations, the mean is 13.142, ranging from a minimum of 12 to 16.7. The standard deviation of gifts and donations is 0.85907. With respect to social amenities, the mean is 18.3586, ranging from a minimum of 12.1 to 41.2. The standard deviation for social 34is 4.01902. With respect to employee management, the mean is 102.068, ranging from a minimum of 70.8 to 122.1. The standard deviation for employee management is 13.24703. With respect to Dividend payout, the mean is 80.048 ranging from a minimum of 60.5 to 100.3. The standard deviation for Dividend payout is 9.3420

Regression Model

The data was also tested for normality, multicollinearity, autocorrelation test and heteroscedasticity test before proceeding to multiple regression analysis.

Normality Test

The assumption of normality requires the disturbance to be normally distributed around the mean. This test has been conducted using the Kolmogorov Smirnov (KS) test. The p-value of the normality test should be bigger than 0.05 to not to reject the null hypothesis of normality at the 5% significance level.

Table 4.2: Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	df	Sig.
ROA	.201	50	.000	.921	50	.003
Donations	.253	50	.000	.811	50	.000
Social Amenities	.209	50	.000	.671	50	.000
Employee management	.125	50	.050	.924	50	.003
Dividend payout	.122	50	.050	.832	50	.002

a. Lilliefors Significance Correction

Table 4.2 show that the dependent variables do not have normal distribution ($p < 0.05$), presented in the table. Therefore, to solve the problem, a log transformation was done.

Multicollinearity Test

Multicollinearity occurs when the explanatory variables in a regression model are correlated suggesting that there is a strong relationship among the independent variables which violates the model's estimation. If the degree of correlation between variables is high enough, it can cause problems when you fit the model and interpret the results. In this study, correlation analysis was used to evaluation the data for multicollinearity. Multicollinearity is present in the data if the correlation among the independent variables

is higher than 80%. The results in Table 4.3 shows that multicollinearity is not a problem since the correlation among the independent variables is higher than 80%.

Table 4.3: Correlation Analysis

		Donations	Social Amenities	Employee management	Dividend payout	ROA
Donations	Pearson Correlation	1				
	Sig. (2-tailed)					
Social Amenities	Pearson Correlation	.200	1			
	Sig. (2-tailed)	.163				
Employee management	Pearson Correlation	.251	.469**	1		
	Sig. (2-tailed)	.079	.001			
Dividend payout	Pearson Correlation	.222			1	
	Sig. (2-tailed)	0.62	.001			
ROA	Pearson Correlation	.622**	.325*	.511**		1
	Sig. (2-tailed)	.000	.021	.000		
	N	50	50	50		50

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Autocorrelation Test

Durbin-Watson (DW) statistic was used to test for the presence of autocorrelation or serial correlation among the error terms. The closer the DW is to 0, the greater the evidence of positive serial correlation, and the closer the DW is to 4, the greater the evidence of negative serial correlation Thus, the fitted regression line result in Table 4.4 shows that there is no evidence of autocorrelation as indicated by DW statistic of 1.280.

Table 4.4: Durbin – Watson Value Output

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.723[a]	.523	.492	.03988	1.280

a. Predictors: (Constant), Employee management, Donations, Social Amenities, Dividendpayout

b. Dependent Variable: ROA

Heteroscedasticity Test

The classical linear regression model assumes the variance of the error term is constant, this is known as homoscedasticity. If the variance of the error term is not the same, they are said to be heteroscedastic. To check the violation of this assumption this study used scatter plot technique. If the plots have a pattern, it implies the presence of heteroscedasticity. Conversely, if the plots do not depict a pattern there is no evidence for the presence of heteroscedasticity. As illustrated in figure 1, below the graph looks like a random array dot or the plots have no pattern. So, the homoscedasticity assumption is not violated.

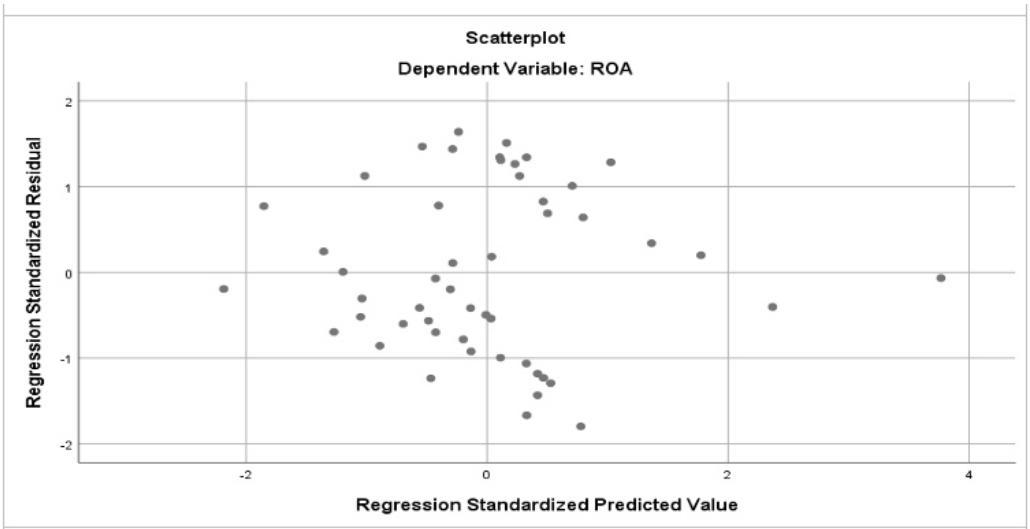

Figure 1. Scatterplot Result

Regression Analysis

Regression analysis was used to demonstrate effect of corporate social responsibility on firm value of listed pharmaceutical companies in Nigeria. A multivariate regression model was used to link the independent variables to the dependent variable as follows. The results are presented in Tables 4.5 to 4.7.

Model Summary

The model summary shows the summary of the regression analysis as shown in the regression model. Below are the findings in the table 4.5 below;

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.723[a]	.523	.492	.03988

a. Predictors: (Constant), Employee management, Donations, Social Amenities, Dividend payout,

b. Dependent Variable: ROA

From the table above, F value of 16.824 is significant at 95% confidence level. This is because the P value is less than 0.05. The result means that gifts and donations, social amenities employee management and Dividend payout perfectly predict Return on Asset.

Test for Coefficients

This table shows the level of significance on the variables, it also provides the standardized and unstandardized coefficients as shown in Table 4.7 below:

Table 4.7: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
	(Constant)	.152	.090		1.686	.099
	Donations	.034	.007	.522	4.936	.000
	Social Amenities	.001	.002	.055	.472	.639
	Employee management	.021	.000	.355	3.025	.004
	Dividend Payout	.033	.001	.302	2.035	.0056

. a. Dependent Variable: ROA

From table 4.7 above, the researcher sought to establish the extent to which corporate social responsibility on firm value of listed pharmaceutical companies in Nigeria. The following regression equation was obtained:

Return On Asset = $0.152 + .034X_1 + .001X_2 + .021X_3 + .033X_4$

The regression equation illustrated in Table 4.7 established that taking gifts and donations, social amenities, employee management and dividend payout into account and other factors held constant, a unit change in gifts and donations led to a 0.034 positive significant change in firm value of listed pharmaceutical companies in Nigeria. At the same time a unit change in social amenities led to a 0.001 positive but significant change in firm value of listed pharmaceutical companies in Nigeria. At the same time, a unit change in employee management led to a 0.021 positive significant change in firm value of listed pharmaceutical companies in Nigeria. Lastly, a unit change in dividend payout led to a 0.033 positive significant change in firm value of listed pharmaceutical companies in Nigeria.

Discussion of Findings

Firstly, the result of this study shows that gifts and donations have a significant positive effect on firm value of listed pharmaceutical companies in Nigeria. This result implies that firm that investments in education, health, sports development, the environment, and other community services by corporations engaged in social responsibility which positively impact on their firm value. This finding supports previous research like Arya et al (2022)

and Agbo (2020) who examined the effect of corporate social responsibility disclosure and financial performance of selected quoted firms in Nigeria and found that Gifts and Donations has a positive significant effect on financial performance considering share price, return on assets, and return on Equity, but showing no significant effect on Earnings per Share.

Secondly, social amenities have a significant positive effect on Return on Asset of listed pharmaceutical companies in Nigeria. The result implies that provision of social amenities by firms is not an important determinant of firm value of listed pharmaceutical companies in Nigeria. These results show that more efforts are needed to relate better provision of social amenities to significant increases in firm value. This result is not in agreement with Olatunle et al (2020) examined the effect of social amenities provided by organisations has significant effect youth empowerment. Okoi et al (2021) examined the effect of corporate social responsibility on stakeholders' perception of selected multinational companies in Nigeria and found that provision of social amenities has significant effect on stakeholder's perception of multinational firms.

Thirdly, employee management have a significant positive effect on return on asset of listed pharmaceutical companies in Nigeria. This result implies that employee management help promote employee motivation which leads to identification of new opportunities. In a country like Nigeria, anything short of a fair wage can swiftly enrage employees. Wages and a pay are extremely important to many Nigerian workers. They are crucial because a worker's life and the life of their families become highly precarious without the sufficient amounts of such wages and pays. This result is similar with the study of Yahaya et al (2022) who examined the impact of human resource accounting for the profitability of Nigerian listed conglomerate companies and found that changes in employees' employee management have a positive significant impact on profitability of the Nigerian conglomerate firms.

Lastly, dividend payout have a significant positive effect on Return on Asset of listed pharmaceutical companies in Nigeria. The result implies that dividend payout by firms is not an important determinant of firm value of listed pharmaceutical companies in Nigeria. These results show that more efforts are needed to relate better dividend policy to significant increases in firm value. This result is not in agreement with Sanusi et al (2019) examined the effect of dividend payment provided by organisations has significant effect on stakeholder's perception of multinational firms.

Conclusion

The general objective of the study was to establish the effect of corporate social responsibility on firm value of listed pharmaceutical companies in Nigeria. From the findings of the study, in general, the independent variables; gifts and donations, social amenities and employee management had a positive effect on return on asset of listed pharmaceutical companies in Nigeria. It was concluded that organizations that gifts and donations and employee management are important factor in increasing firm value. Specifically, the study found that Gifts and donations has significant and positive affect on return on asset of listed pharmaceutical companies in Nigeria. From the preceding, it can be concluded that the best way to improve return on asset is through gifts and donations. Furthermore, the study found that social amenities have no significant effect on firm value of listed pharmaceutical companies in Nigeria. It can be concluded that social amenities

may not increase firm value in the short-term. Also, the study found that employee management had positive effect on return on asset of listed pharmaceutical companies in Nigeria. It can be concluded that since return on asset could be improved through employee management. Lastly, the study found that dividend payout had positive effect on return on asset of listed pharmaceutical companies in Nigeria. It can be concluded that dividend payout by firms is not an important determinant of firm value of listed pharmaceutical companies in Nigeria.

Based on the findings, the study thus recommended that;

a) Management of firms should use well-established mechanism of gifts and donations that contributes to an improvement in firm value. Firms should fulfill their social responsibilities then it will improve the society, environmental conditions and overall economy of Nigeria which leads to create positive image of firms and all other stakeholders' regarding the organizations.

b) Management of firms should invest on social amenities in their host community in order to ensure peaceful coexistence, enhance sustainable communities and improve the livelihood of the host community.

c) The current study recommends that firms operating in Nigeria should focus more on employee management as part of CSR as it helps gain a better corporate image within the community, and that firm value would improve over time as a result of spending more on employee management.

d) The study recommends the firms operating in Nigeria should focus more on dividend payout as part of CSR as it helps gain a better corporate image within the community, and that firm value would improve over time as a result of spending more on dividend payout.

Suggestions for Further Research

The focus of this study is only on listed pharmaceutical companies in Nigeria. Further research can be done in other sectors like telecom, automobiles etc. The findings of this study are based on limited data for a limited period of time. Future studies should use data with a longer period to obtain a more valid measurement result. This study planned to take maximum number of pharmaceutical companies but non availability of data restricted this study to work with sample of five pharmaceutical companies. It is recommended that future studies to multiply the number of samples.

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