# IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON FINANCIAL PERFORMANCE OF DEPOSIT MONEY BANKS IN NIGERIA

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## Abstract

*The growing proliferation of Deposit Money Banks' branches across the country call for commensurate growth in the demonstration of their corporate social responsibility practices. The correlation between such practices and performances of firms is no longer a moot matter. This paper examines the impact of corporate social responsibility on financial performance of Deposit Money Banks (DMBs) in Nigeria period from ranging 2013 to 2017. The corporate social responsibility (independent variable) is proxied with health and sports expenditures while performance (dependent variable) is proxied with profitability as Profit After Taxes (PAT). The study utilizes ex-post facto design because of nature of the secondary data. Data collected on the study variables are run in E-Views 9 to produce regression output. The results show that expenditure on health (as corporate social responsibility) has positive and insignificant impact on profitability. Also, the result indicates that expenditure on health ((as corporate social responsibility) has positive and significant impact on profitability. The research concludes that corporate social responsibility has relationship with the performance of Deposit Money Banks (DMBs) Nigeria for the period under study. The study recommends that the management of Nigerian deposit money banks should reduce and strictly monitor their corporate social responsibility health expenditure in order to enhance their performance. The study also recommends that the management of Nigerian DMBs should sustain and further increase their corporate social responsibility expenditure on sports in order to increase their performances.*

**Key words:** *DMBs, Health, Spot, Profitability, Social Responsibility*

## 1. Introduction

Every organization has certain responsibilities to perform in order to impact positively on the immediate community, environment, and the generality of the people within where it is situated and performs its activities. The discharge of these responsibilities by an organization is what is referred to as Corporate Social Responsibility (CSR). It has to do with recognizing the way that some business aftermaths sway adversely on the residents and society and putting necessary measures in place to arrest such negative impact. It is believed by Norris and O'Dwyer (2004) that corporate social obligation means that an enterprise ought to be responsible for any of its activities that affect individuals, communities and its environment. What it implies, therefore, is that adverse business impacts on individual and society ought to be recognised and improved upon as much as

possible. It has been proven in the previous scholarly studies that CSR has the capacity to affect corporate sector performance positively as commercial banks financial performance is boosted as they get involved in CSR activities which help improve corporate image, earn goodwill as a result of the increase in confidence building, and bolster the trust of people on banks leading to increasing clientele and profitability. Other societal benefits derivable from the performance of CSR activities are the minimization of social gaps in communities, the increment in social/public services, enhancement in the living standard of people, and general improvement in the quality of life leading invariably to the emergence of a peaceful milieu that guarantees organizational survival.

The rise in CSR activities by banks gives strength to its financial performance relative to CSR due to a positive cognition of CSR by communities and, consequently, reduction in social gaps, increases in public services, increases in innovative giving and environmental management systems takes place (Lin, Chang & Dang, 2015). Business in any society needs to assume liability for each choice that is made; each move that is made must be evaluated in line with that kind of responsibility. Social responsibility entails a thorough cost-benefit analysis by a business organization of its proposed actions towards the realization of its objectives. There is a common belief that there are mutual benefits to be derived by both business and society as firms consciously make efforts to be socially responsible. On one hand, business organizations gain an enhanced reputation, while on the other hand, the society gains from social projects like provision of infrastructure, health, sports facilities, education among others executed by the business organizations. Today CSR transcends the old charitable gesture of the past by donating money to good causes only at the end of the financial year. But an all- year- round responsibility about sports activities that deposit money banks in Nigeria accept the environment around them for the best working practices for their engagement in their local communities and their recognition that brand names depend not only on quality services and uniqueness but on how cumulatively they interact with their host communities.

According to Earnest (2012) and Sanusi (2012), there was an increase in the total number of branches of commercial banks by 43 per cent after consolidation, i.e. from 3,300 branches in July 2004 to 5,810 in December 2011. In spite of the expanding rate of extension of the deposit money banks branches in Nigeria, there is no really proportionate proof of recorded corporate social responsibility expenditure carried out by the banks to help their host communities in the areas of their financial needs and sustainable development. This corporate sign of offering back to and valuation for their host communities ought to be given more accentuation by banks by putting resources into socio-economic and environmental development of these communities since they enjoy a reliant association with them (Adeyanju, 2012).

There are mainly three differing views on the relationship between CSR and profitability: CSR is at odds with profitability, CSR can be profitable or that CSR does not have any impact on profitability. The proponents of a negative relationship between CSR and profitability held that companies engaging in CSR have the misfortune of increasing costs. They reasoned that costs reduce profits and therefore erodes shareholder value (Waddock & Graves, 1997). However, some studies stated that there is a positive relationship between CSR and profitability. They contended that the costs incurred are minimal in comparison to the potential benefits accruable (Orlitzky, Schmidt & Rynes 2003). It was therefore believed by the scholars that CSR is a way for both organisations and society to flourish and that the main benefits arise when the organisation is

working with CSR in the long-term. In another development, proponents of the neutral relationship between CSR and profitability argued that there are too many variables between them and therefore there is no reason to believe that a relationship exists between the two, except possibly by accident (Waddock & Graves, 1997).

Empirical works have indicated that some of the studies like Babalola (2013); Mehwish (2018) and Okegbe and Egbunike (2016) used a wrong statistical tool of Ordinary Least Square instead of panel regression statistical technique to estimate their model. Also, other studies such as that of Hirigoyen and Poulain (2015); Iya, Badiye and Faize (2015); Jimoh, Mukaila and Azeez (2015); Malik and Muhammed (2014) data were not current that is the data of study variables were below 2015. In another development, most studies like Jimoh, Mukaila, and Azeez (2015) and Shehu (2013) concerning CSR and financial performance were conducted using aggregated data while this present study used disaggregated data of CSR health and sports expenditures of deposit money banks in Nigeria. These gaps in literature necessitated this present study about the impact of corporate social responsibility on financial performance of DMBs.

The study is beneficial to the entire stakeholders such as shareholders and investors. It will help the management to make an informed decision based on the outcome of whether to give more commitment to CSR or otherwise. It will help the shareholders/investors to patronize the shares of socially responsible firms to overcome the problem of the risk profile of investing in irresponsible corporations. In addition to that, the study will be paramount to consumers, because it will be an enlightened guide to consumers to patronize the services of socially responsible organisations. The main objective of this study is to examine the impact of corporate social responsibility on financial performance of Deposit Money Banks (DMBs) in Nigeria. The specific objectives are:
a.   To determine the impact of health expenditure (corporate social responsibility) on profitability of DMBs in Nigeria.
b.   To investigate the impact of spots expenditure (corporate social responsibility) on profitability of DMBs in Nigeria.

The hypotheses of study are put forward as follow:
$H0_1$: Health expenditure (corporate social responsibility) has no significant impact on profitability of DMBs in Nigeria.
$H0_2$: Spots expenditure (corporate social responsibility) has no significant impact on profitability of DMBs in Nigeria.

## 2. Literature Review and Theory
### 2.1 Conceptual Framework
The study variables are performance (profitability) and corporate social responsibility measured with health expenditure and spots expenditure of DMBs.

### 2.1.1 Financial Performance
Profitability is often employed as a measure of the achievements and performance of the company or as the basis of assessment measures, such as earnings per share (Zaki & Othman, 2011). Profitability is an indication of the success of an enterprise, although not all companies make profits as its primary purpose, they still need to make efforts to maintain profits as an indication of positive performance. Profitability ratios include Return on Assets (ROA), Net Profit Margin

(NPM), and others which are clear indicators of financial performance (Zaki & Othman, 2011). In this study, financial performance is defined as the profit after tax of the selected deposit money banks in Nigeria.

### 2.1.2 Corporate Social Responsibility (CSR)

CSR had been commonly delineated as a projection of certain responsible behaviour on the part of the public and the private (government and business) sectors toward society and the environment. Fraoman (1997) opines that companies which discharge their CSR responsibly are guided by enlightened self-interest, which means that they are socially aware without giving up their own economic self-interest. Tsoutsoura (2004) state that CSR is the process by which businesses negotiate their role positively towards society. In other words, CSR has to do with attaining business success in such a manner that ethical, social and environmental standards compromised while esteeming people. According to Welford (2005), CSR is a term describing a company's obligation to be accountable to all its stakeholders in all its operations and activities. Companies that are socially responsible will consider the full scope of the impact of their activities on the host communities and the environment when making decisions, balancing the need of stakeholders with their need to make a profit. Tuhin (2014) opines that CSR is a responsibility for a company's direct involvement with the betterment of society. It means that companies must not only meet shareholders' needs but also consider other stakeholders' demands. This study operationally defines corporate social responsibility as the expenditures incurred by the DMBs in Nigeria on health and sports for the benefit of the general public. The study variables are conceptualized in Figure 2.1 below

**Figure 2.1: Conceptualization of the Study Variables**
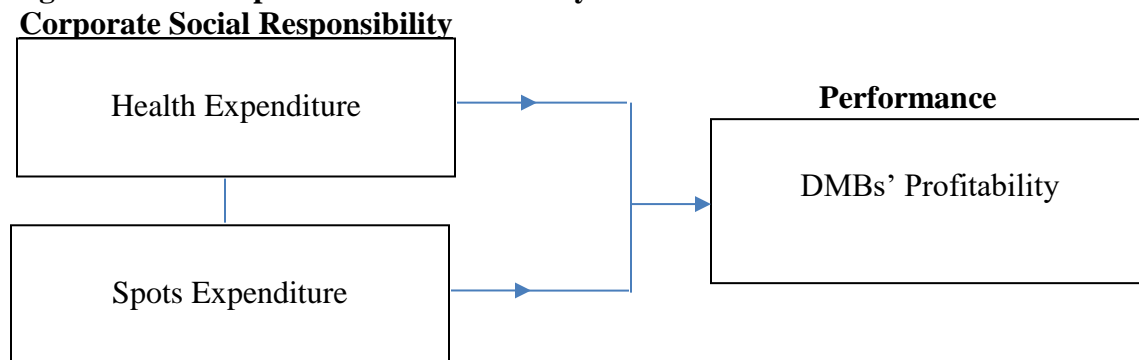


**Source:** Researcher's Illustration

### 2.2  Empirical Review of Literature

### 2.2.1 Corporate Social Responsibility and Financial Performance

There are series of arguments in the literature about the existence of relationships between corporate social responsibility and financial performance. Profit serves as a reward for a firm as it continues to provide true value to its customers, to help its employees to grow, and to behave responsibly as a corporate citizen. McWilliams and Siegel (2000) stressed that CSR impact is influenced by factors such as the firm's size, diversification, R & D and market conditions. They proposed that all these variables, when taken into consideration, must hinder the financial performance of the firm. Fasanya and Onakeya (2013) observed that proper and effective CSR goes a long way in improving the trend of firms' financial performance in Nigeria. Researchers

such Keffas & Olulu-Briggs, 2011 and  Abdulraham, 2013) have found that there was a positive relationship between CSR and financial performance   However, a study conducted by Babalola (2013) on the impact of CSR on firms profitability in Nigeria using data for ten randomly selected firms between 1999-2008 indicated a negative relationship between firm's performance and profit after tax. Similarly, Folajin, Ibitoye and Dunsin (2014) studied CSR and organizational profitability using United Banks of Africa (UBA) as a case study and it was revealed that expenditure on CSR has a short-term negative effect on net profit but in the long run, it will provide better returns. Studies conducted by Abdulraham (2013) and Hilda, Hope and Nwoye (2015) on Nigeria banks discovered that there is a significant negative relationship between CSR and profitability.

### 2.2.2 Corporate Social Responsibility and Profitability

Shehu (2013) examined the influence of corporate social responsibility on profit after tax of some selected deposit money banks in Nigeria. The study used secondary data from annual reports of some selected banks, and through fact books of Nigerian Stock Exchange (NSE) for the period of the study (from 2006 to 2010) by means of content analysis. The study used regression and correlational analysis in interpreting the result of the formulated hypothesis. Based on the outcome of the result it reveals the existence of a weak positive relationship between CSR and PAT which was however significant at 5%. They recommended to the banking sector to take CSR commitment as an important driver of boosting the profitability of an organization because the more you commit yourself to corporate social responsibility the more investors and consumers are patronizing your shares and products respectively, the more the yielding return, vice versa.

Shruti (2014) investigated the impact of corporate social responsibility disclosure on the financial performance of firms in the UK. He performed a linear regression on the data to validate the impact of corporate social responsibility disclosure on the financial performance of firms. The study measured corporate social responsibility disclosure in terms of published CSR keywords on the annual reports of the firms over five years ranging from 2008 till 2012. Financial performance of the firms was measured as return on assets (ROA), Tobin's Q, and total shareholder returns (TSR). The result indicates that CSR has no significant impact on financial performance, both in the short-term scenario and long-term scenario for the selected industries in the UK. Sanni, Olayiwola and Abdul-Baki (2014) conducted a research on the impact of CSR expenditure on the profitability of Nigerian Deposit Money Banks (DMBs). They used secondary data sourced from the bank's financial statements between 2007 and 2011 in the analysis. Purposive sampling technique was adopted to select the ten out of the existing twenty-one DMBs currently operating in Nigeria. Correlation and panel data regression model was adopted which revealed that expenditure on CSR has no significant impact on the bank's profitability.  Therefore, they suggest that banks should be more careful in their financial commitment to CSR so as not to put their profit and wealth maximization objectives at risk

Jimoh, Mukaila and Azeez (2015) examined corporate social responsibility expenditure and profitability: A study of listed deposit money banks in Nigeria. Secondary data were extracted from the annual reports of fifteen listed banks for the period of 2005 to 2013. Purposive sampling technique was adopted to select all fifteen deposit money banks (DMBs) listed on the Nigerian Stock Exchange (NSE) among the twenty-one licensed DMBs in Nigeria. Descriptive statistics, correlation and panel data regression analysis were employed to assess the relationship. The

findings indicate that there is a significant positive association (r = 0.2584) between corporate social responsibility expenditure and profitability of the sampled banks. They recommended that banks should strategically choose their CSR spending to increase their long-term profitability for sustenance and in consequence maximize the benefits to society for sustainable development. Hirigoyen and Poulain (2015) carried out a study on the relationship between corporate social responsibility and firms' performance based on 329 listed companies in the United State, Europe and Asia-Pacific region for 2009-2010 using linear regression analysis and the Granger causality test. The study used human resources, human rights in the workplace, social commitment, respect for the environment, market behaviour and governance as proxies for CSR. The finding of the study shows that not only that greater social responsibility does not result in better performance; it negatively impacts corporate social responsibility.

Okegbe and Egbunike (2016) examined corporate social responsibility and financial performance of selected quoted companies in Nigeria. The study employed an ex-post facto research design. The sample of the study was made up of thirty companies quoted in various sectors of the Nigerian stock exchange. Data analysis was done using multiple regression. The findings of the study revealed a positive relationship between corporate social responsibility disclosure and return on assets in Nigerian quoted companies. Consequent upon this study, it was recommended among others that the issue of corporate social responsibility should be part of the corporate mission and strategy statements and not just be regarded as a philanthropic exercise. Najeb and Awni (2017) studied corporate social responsibility and company performance: An empirical analysis of Jordanian companies listed on Amman stock exchange. Their data were purposively sampled while descriptive statistics, regression and correlation analyses were used to arrive at their results. They found a positive but not significant association between CSR, accounting-based performance (ROA, ROE and ROCE), and market-based performance (P/R, EPS, P/V), whilst EPS ratio reported a significant and ROS ratio is a negative relationship. RE model results indicated that there is an inverse relationship between CSR, accounting- and market- based company performance (ROA, ROS, P/R, and EPS). Therefore, the Hausman test results reject the null hypothesis. But, for ROE, ROCE, and P/V as the measures for the company's performance, are positive since the results of the Hausman test is insignificant. This means the most statistically significant results do not statistically validate result lists. Mehwish (2018) has examined corporate social responsibility and its impact on financial performance, using the banking industry in Pakistan. Finding from his analysis which was done using the Ordinary Least Square (OLS) regression technique to determine the comparative reputation of individual variables to know which independent variable affects the dependent variables represented by the sign of beta coefficients revealed that CSR has a significant positive impact on ROE and ROA.

### 2.2.3 Gaps in Literature
The empirical works have indicated that some of the studies such as Babalola (2013); Mehwish (2018) and Okegbe and Egbunike (2016) used a wrong statistical tool of Ordinary Least Square instead of panel regression statistical technique to estimate their model. Also, some studies such as that of Hirigoyen and Poulain (2015); Iya, Badiye and Faize (2015); Jimoh, Mukaila and Azeez (2015); Malik and Muhammed (2014) data were not current i.e. their data were below 2015. In another development, most studies on CSR and financial performance were conducted using aggregated data while this present study used disaggregated data of CSR health and sports expenditures of selected deposit money banks in Nigeria. These gaps in literature necessitated this

present study; impact of corporate social responsibility on financial performance of selected deposit money banks in Nigeria.

## 2.3 Theory Relevant to the Study

This study is anchored on the Stakeholders Theory. The stakeholder theory was propounded by Edward Freeman in 1983 *(*Freeman & Moutchnik, 2013). The Theory assumes that doing business actually requires values and that it is that shared sense of the created value that draws together the business stakeholders. Freeman believes that this propels the firm forward and allows it to generate outstanding performance. There are many other parties that need to be recognized as having an interest in the company.  Those interests must be considered along with the interests of the company shareholders. The list of potential stakeholders would generally include customers, employees, financiers, suppliers, communities, trade unions, and trade associations.

This theory has some weaknesses, the best results come out from this theory when this theory applied on a continuous basis in organization and sometimes the assessment of the analysis of this theory may be subjective and it is also not possible that all stakeholder interests can be met at the same time and as usual company can give more important to stakeholders like shareholders of the company instead of employees and consumers (Mitchell, Agle & Wood, 1997). The stakeholder theory is important because it emphasized the satisfaction of all the legitimate interests of a firm's interdependent constituencies (like the employees, customers, suppliers, the local community, shareholders among other) which can lead to the long-term success of the firm.

## 3. Methodology

The study utilized an ex-post facto design considering the fact that the study uses a historical data since the event under investigation has taken place and documented as secondary data obtainable from the financial statements of the various firms. Eleven (11) banks out of the 14 quoted Deposit Money Banks (DMBs) in Nigeria were used from 2013 to 2017. The Eleven (11) banks were selected as they met up with the criteria of availability of data and the categorization of corporate social responsibility expenditures into health and sport expenditures.

The variables comprise of health and sports components of firms' social responsibility. This study used the Panel Least Squares (PLS) technique to estimate the model and test the null hypotheses developed with the aid of EViews 9 software. This model was developed and presented as used by Iya *et al* (2015) and Jimoh *et al* (2015) as follow:

$PAT = f(CSRHE + CSRSE)$ …………………………………….. (1)
Econometrically, the above equation becomes
$PAT_{it} = \beta_0 + \beta_1 CSRHE_{it} + \beta_2 CSRSE_{it} + \mu_{it}$……………………… (2)
Where: PAT = an indicator representing profit after tax (Dependent Variable)
$\beta_0$ = Intercept term (a constant)
$\beta_1$ = Coefficient of corporate social responsibility health expenditure
$\beta_2$ = Coefficient of corporate social responsibility sport expenditure
CSRHE = a predictor for Independent Variable (social responsibility expenditure on health)
CSRSE = a predictor representing Independent Variable (social responsibility expenditure on
        sport)
$\mu$ = Error term (representing the combined effect of omitted variables)

it = Dated panel data;
*f* = Functional relationship.

The hypotheses of this study are tested as follow. Reject the null hypothesis if the significant level is 5% (0.000-0.006). Otherwise the researcher does not reject the null hypothesis.

## 4. Results and Discussion
### 4.1 Test for Normality of the Study Variables
Normality tests of the study variables are shown in Tables 4.1; 4.2 and 4.3; below.

**Unit Root Test**
Table 4.1 below shows the result of the Augmented Dickey-Fuller Unit Root Test for the stationarity of the variables used in this study.

**Table 4.1 Results of the Augmented Dickey-Fuller Unit Root Test**

| VARIABLE | Coefficient | t- Statistics | Prob | Level of Integration | Remark |
|---|---|---|---|---|---|
| PAT | -0.338014 | -3.194707 | 0.0024 | Levels | Stationary |
| CSRHE | -0.741673 | -5.535397 | 0.0000 | Levels | Stationary |
| CSRSE | 0.69281 | -5.255412 | 0.0000 | Levels | Stationary |

**Source:** Researcher's Computation with EViews 9.0

From Table 4.1 shows that all the study variables (PAT, CSRHE and CSRSE) were stationary at levels. This result confirms that the variable statistical properties (variance and mean) will remain constant over time making the data useful for predicting the future output.

**Descriptive Statistics**
This section presents the result of descriptive statistics of the study variables.
**Table 4.2 Descriptive Statistics**

|  | PAT | CSRHE | CSRSE |
|---|---|---|---|
| **Mean** | 3.67E+10 | 80806021 | 37488906 |
| **Median** | 1.89E+10 | 12000000 | 7531500. |
| **Maximum** | 1.61E+11 | 1.40E+09 | 4.86E+08 |
| **Minimum** | 7721000. | 0.000000 | 0.000000 |
| **Std. Dev.** | 4.26E+10 | 2.04E+08 | 77728320 |
| **Skewness** | 1.258412 | 5.179525 | 3.910647 |
| **Kurtosis** | 3.774309 | 32.98048 | 21.49951 |
|  |  |  |  |
| **Jarque-Bera** | 15.89031 | 2305.735 | 924.4691 |
| **Probability** | 0.000354 | 0.000000 | 0.000000 |
|  |  |  |  |
| **Sum** | 2.02E+12 | 4.44E+09 | 2.06E+09 |
| **Sum Sq. Dev.** | 9.78E+22 | 2.24E+18 | 3.26E+17 |
|  |  |  |  |
| Observations | 55 | 55 | 55 |

**Source:** Researcher's computation with EViews 9.0

From Table 4.2 above, the mean and the median displayed a high level of consistency. The PAT has a mean of 3.67E+10 and CSRHE has a mean of 80806021 which both fall between their Minimum (7721000 and 0.00) and their maximum (1.61E+11 and1.40E+09) respectively. The table also shows that CSRSE has a mean of 37488906 which also lie between its maximum (4.86E+08) and its minimum (0.00). That all the mean values fall within the range of the minimum indicates that the series is evenly spread. The standard deviations show the degree of dispersion among the variables under investigation.

From Table 4.2 above skewness which investigates the pattern of distribution to see if the distribution around the mean expected to be zero is normal or not shows that PAT, CSRHE and CSRSE all have positive values which means they skewed only positively and to the right alone, an indication that the series is not normally distributed. The table also shows that Kurtosis which measures the flatness or peakedness of a series distribution and with an expected mean of 3 (Oyinlola & Akinnibosun 2013) reveals that PAT, CSRHE and CSRSE have values that are all greater than 3, an indication that the series peaked and therefore not normally distributed. Finally, Jarque-Bera which confirms the skewness or kurtosis statistics of a series show that the three variables have probability figures that are less than 0.05, meaning the problem of abnormal distribution in the series is significant and therefore confirms skewness and kurtosis statistics which show that the series is no

## Correlation Matrix

Correlation is a statistical method that determines the degree of relationship between two different variables. Pearson correlation measures the strength of a relationship between two continuous variables. Table 4.3 below shows the Pearson correlation matrix indicating the strength of the relationship between the variables.

### Table 4.3 Pearson Product-Moment Correlation Matrix

------------------------------------------------------------------------------------------------------

|  | **PAT** | **CSPSE** | **CSRHE** |
|---|---|---|---|
| **PAT** | 1.000000 |  |  |
| **CSRSE** | 0.649413 | 1.000000 |  |
| **CSRHE** | 0.507986 | 0.543080 | 1.000000 |

**Source:** Researcher's Computation with EViews 9.0

The result from Table 4.3 shows that the coefficients have positive values and `less than 0.86 at which point multicollinearity does not set in (Hair, Tathan & Anderson, 2005). It, therefore, implies that there is no problem of multicollinearity in this model.

## 4.2 Regression Analysis and Results of Hypotheses Testing

Table 4.4 shows the result of the regression analysis conducted with the aid of EViews 9 software

**Table 4.4 Estimated Regression Result**
Dependent Variable: PAT
Method: Panel Least Squares
Date: 02/18/19   Time: 14:20
Sample: 2013 2017
Periods included: 5
Cross-sections included: 11
Total panel (balanced) observations: 55

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| CSRHE | 45.98090 | 25.42910 | 1.808200 | 0.0764 |
| CSRSE | 290.0386 | 66.68940 | 4.349096 | 0.0001 |
| C | 2.21E+10 | 4.85E+09 | 4.561736 | 0.0000 |

| | | | | |
|---|---|---|---|---|
| R-squared | 0.455946 | Mean dependent var | | 3.67E+10 |
| Adjusted R-squared | 0.435021 | S.D. dependent var | | 4.26E+10 |
| S.E. of regression | 3.20E+10 | Akaike info criterion | | 51.26795 |
| Sum squared resid | 5.32E+22 | Schwarz criterion | | 51.37744 |
| Log likelihood | -1406.869 | Hannan-Quinn criter. | | 51.31029 |
| F-statistic | 21.78938 | Durbin-Watson stat | | 0.339974 |
| Prob(F-statistic) | 0.000000 | | | |

**Source:** Researcher's computation with EViews 9.0

Table 4.4 above indicates that goodness of Fit or Coefficient of determination (R-squared) adjusted for degree of freedom, depicted by Adjusted R-squared stood at approximately 0.44 which suggest that about 44% of the systematic variation in the observed behaviour of profit after tax (PAT) within the period of study is jointly explained by the independent variables namely: CSRHE and CSRSE. The remaining 56% is accounted for by the other variables not captured in the model (Error term). Table 3 further shows F. Statistics which reports the fitness (or overall significance) of this model is 21.78938 and the estimated Prob. value of 0.000000 (1% level of significance) indicating that the adjusted R-squared value obtained is better than would have occurred by chance. Durbin Watson (DW) Statistic result of 0.339974 indicates the presence of the problem of serial/autocorrelation but should be downplayed because correlation test in table 1 has earlier shown that the issue does not constitute a problem in this model.

In order to evaluate the impact of corporate social responsibility on health and sport by the selected deposit money banks in Nigeria between 2013 and 2017, the developed hypotheses were tested using the Panel Least Square Multiple Regression model and the results are as follow: The result in Table 4.4 above shows that corporate social responsibility health expenditure (CSRHE) has a coefficient of 45.98090, t-stat value of 1.808200 and probability of 0.0764, meaning that CSRHE has an insignificant positive impact on profit after tax (PAT) of selected deposit money banks in Nigeria from 2013-2017. Based on this, the null hypothesis one (H0$_1$) which states that social responsibility expenditure on health has no significant impact on profit after tax is accepted.

The result in Table 4.4 above equally shows that corporate social responsibility sport expenditure (CSRSE) has a coefficient of 290.0386, t-stat of 4.349096 and prob. value of 0.0001 (at 1% level of significance) implying CSRSE has a significant positive impact on profit after tax (PAT) of deposit money banks in Nigeria from 2013 to 2017. Based on this, the null hypothesis two (H0$_2$)

which states that corporate social responsibility expenditure on sports has no significant impact on PAT is rejected.

## 4.3 Discussion of Major Findings

The result of this study shows that corporate social responsibility expenditure on health (CSRHE) has an insignificant positive impact on profit after tax (PAT) of selected deposit money bank in Nigeria. This implies that holding other variables constant, a value increase in CSRHE brings a value increase of 45.98 in profit after tax. This finding is in agreement with the finding of Sanni *et al*. (2014) and Shruti (2014). The finding, however, disagrees with the findings of Hirigoyen and Poulain (2015) and Shehu (2013).

The result further show that corporate social responsibility expenditure on sport (CSRSE) has a significant positive impact on profit after tax in selected deposit money banks in Nigeria. This means that holding other variables unchanged, a value increase in CSRSE brings about 290 value increase in profit after tax in selected deposit money banks in Nigeria. This finding is in line with the finding of Jimoh *et al*. (2015) and Okegbe and Egbunike (2016). However, the finding is at variance with the finding of Najeb and Awni (2017).

## 5. Conclusion and Recommendations

The management of deposit money banks in Nigeria must reduce their corporate social responsibility expenditure on health in order to enhance their profit after tax. This is as a result of corporate social responsibility health expenditure not impacting enough on their performance. The management of deposit money banks must increase corporate social responsibility expenditure on sports in order to enhance their profit after tax. A continuous increase in corporate social responsibility expenditure in respect of sport will significantly enhance deposit money banks financial performance in Nigeria. Based on the above conclusion, the following recommendations are made:

a. The management of Nigerian deposit money banks should reduce and strictly monitor their corporate social responsibility health expenditure given to their host communities in order to enhance their performances.
b. The management of Nigerian deposit money banks should sustain and further increase their corporate social responsibility expenditure on sports in order to increase their performances.

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