

Social Responsibility Accounting and Financial Performance of Banks in Nigeria: Beyond Stakeholder Theory

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Abstract

The increasing interest in and global emphasis on social responsibility accounting and financial performance in the 21st century call for a look beyond the stakeholders' theory that underpins its practice. It subtly suggests an inquisitive co-relational look from the perspective of financial performance. Hence, the study is motivated and premeditated to interrogatively investigate the nexus between social responsibility accounting and reporting and the financial performance of selected financial institutions in Nigeria, from 2013 to 2022. Consequently, the study adopted a panel-correlation research design, to purposively extract relevant data from annual accounts and reports of all the deposit money banks that were listed on the floor of the Nigerian Exchange Group as at 31st December, 2022, for multiple regression analyses with an Auto Regressive Distributed Lag model. The results revealed that social responsibility accounting and reporting dimensions such as expenditures on scholarship and educational support, youth and sports support, public health projects, ecological protection projects and social welfare projects are positively connected to the profitability of deposit money banks in Nigeria, but at different levels of significance. The study therefore, concludes that though at varying levels of significance, the selected social responsibility accounting and reporting dimensions are positively connected to financial performance and constitute a potential strategic initiative and advantage, as well as factors in the determination of financial performance. Accordingly, the study recommends amongst others that deposit money banks should strategically integrate social responsibility accounting and reporting initiatives into their short-term and long-term goals and core operations, and expand their social responsibility accounting and reporting initiatives to address a broader range of societal and environmental issues.

Keywords: social responsibility accounting and reporting, corporate social responsibility, financial performance, profit-after-tax and stakeholder theory, innovation theory of profit.

1. Introduction

Social responsibility accounting and reporting (SRAR) is fast becoming an integral aspect of contemporary business practices, representing a commitment by organizations to contribute positively to the social, economic, and environmental well-being of the society in which they operate. Social responsibility accounting and reporting is also called corporate social responsibility (CSR), and has garnered increased attention not only in the corporate world, but also in accounting research (Adeniji, 2017; Oyewo, 2018; Adeyeye, & Oguniola, 2019; Aguilera, & Ganapathi, 2020). It is premised on the stakeholders' theory which advocates for the acknowledgement and inclusion of society's interest in the vision, mission, objectives and goals of corporate entities. However, the problem of this study stems from the intention to look beyond the stakeholders' theory as the reason for the increasing practice of SRAR. The study therefore, intends to view the necessity for and benefit of its practice not from the societal viewpoint, but from organizational and strategic viewpoint in terms of profitability.

Profitability is a key corporate objective and indicator that reflects the overall

financial health and operational strategies and efficiency of corporate organizations in the corporate landscape. It is the financial metric that measures the ability of a business to generate earnings relative to its costs and expenses. It serves as a vital measure of a company's ability to thrive in a competitive environment, and is seen as the cornerstone of business success that informs the financial viability and potential return on investment in a company by investors, analysts and other stakeholders (Larcker, 2018; Palepu, 2019; Kaplan, & Norton, 2019; Kapanowski, 2020). Thus, the study assumes that appropriate SRAR strategic framework and commitment, and conscious alignment with the unique socio-economic context of Nigeria by corporate organizations can strategically and competitively position organizations above their contemporaries in their domains of operation, and significantly impact their profitability.

Consequently, the specific objective of the study is to find out if expenditures on tertiary educational support, public sports support, public health projects, ecological protection projects and social welfare projects are connected to the financial performance of deposit money banks (DMBs) in Nigeria, by introducing new variables and recent data (between 2013 and 2022) as well as new econometric tools, to rationalize the increasing advocacy for and practice of SRAR. This is because DMBs play a critical role in the financial and socio-economic development of nations, and SRAR can be viewed as a vehicle through which banks can align their interests with the broader societal goals, not just as a moral obligation but as a strategic imperative that can influence their long-term viability and sustainable growth and resilience in the dynamic business world (Fassin, & Buelens, 2019; Carroll, 2019).

Accordingly, the underlying question of the study is: how is expenditures on tertiary educational support, public sports support, public health projects, ecological protection projects and social welfare projects connected to the financial performance of deposit money banks in Nigeria? Hopefully, this study would challenge and motivate deposit money banks to align their objectives and activities with the four cardinal concerns (ethics, economic, legal and social) of social responsibility accounting and reporting, and would definitely improve and benefit the natural environment, society and stakeholders of the operational domains of deposit money banks. Above all, the findings, conclusions and recommendations of the study would update and add to the existing knowledge and methodological approach in social responsibility accounting and reporting study in accounting research.

2. Literature Review

2.1 Conceptual Framework

2.1.1 Social Responsibility Accounting and Reporting

This concept is coined from two concepts namely social responsibility accounting and social responsibility reporting, and can be interchangeably called corporate social responsibility. This is the voluntary commitment by corporate entities to adopt ethical practices to integrate social and environmental responsibilities and obligations into their corporate objectives, goals and operations, for the wellbeing of the society and the environment, and communicating the results thereof (Ofoegbu, & Ekechukwu, 2018). Social responsibility accounting and reporting as it were is the measurement and evaluation of the social cost and benefits arising from the production and consumption activities in their physical and social domains of operation, and the provision of the information, as a legal obligation and a philanthropic commitment to societal goals.

Perceptibly, the idea of social responsibility accounting and reporting is to (concurrently) balance financial achievements with socio-ethical interest, that would positively impact both the financial objectives of corporate entities and the larger society

(Aupperle, & Hatfield, 2018). This is because SRAR stems from the appreciation that businesses are integral parts of the societies in which they operate, and the need to align corporate objectives and goals with societal expectations and interests to secure the trust and credibility for the business (Ofoegbu, & Ekechukwu, 2018). Social responsibility accounting and reporting initiatives cover a range of innovative activities such as ethical business practices, fair labour standards, philanthropy, sustainable business practices, community engagement, environmental concerns, and other social commitments to responsible and sustainable corporate citizenship (Okafor, & Ogungbangbe, 2019). Against this backdrop, social responsibility accounting and reporting can be aptly considered as a strategic business imperative and a guiding principle to balance financial success with social and environmental responsibility (Itumeleng & Akinyele, 2020).

2.1.2 Financial Performance

This covers a broad spectrum of issues but is conceptually considered as corporate profitability and further narrowed to profit-after-tax in this study. Profitability is simply the effectiveness and effectiveness with which firms manage their resources to have surplus beside all expenses and costs (Sufian & Habibullah, 2019). It can be described as a measure of firms' ability to generate earnings and economic gains to create value for their stakeholders. Thus, profitable firms are those that generate revenues that exceed their total expenses, resulting in net profit in a given period of time. It is a multifaceted metric that mirrors the financial and strategic health and bearing of firms, and is critical for informed corporate decision-making, planning, controlling and resilience in a dynamic competitive and unpredictable business landscape (Friedman, 2019).

Obviously, profitability is a dynamic concept that requires constant adaptation to shifting market environments. Accordingly, successful enterprises adopt proactive socio-customer-oriented strategies that prioritize societal stewardship to gain a positive public perception that translates into increased customer loyalty, trust and competitive edge to enhance and sustain profitability. This is because profitability analysis, according to Levitt (2019) requires a holistic consideration of firms' revenues and expenditures. This invariably requires a conscious social responsibility accounting and reporting practice that would influence the purchasing decisions of existing and potential customers in the competitive market place to increases sales revenue and profit (Maignan, & Ferrell, 2019).

2.1.3 Dimensions of Social Responsibility Accounting and Reporting

This study decomposes expenditures on social responsibility accounting and reporting into five sub concepts as the independent variables. These are expenditure on tertiary education support, expenditure on public sports support, expenditure on public health projects, expenditure on ecological protection projects and expenditure on social welfare projects.

a) Expenditure on Scholarship and Educational Support: These are social responsibility initiatives designed to meet the educational needs of some identified individuals in the society as well as to enhance corporate visibility, reputation and customer loyalty (Olokoyo, 2013). They are thus, initiatives by corporate entities intended to provide financial aid, resources, and opportunities for individuals seeking tertiary education, based on academic achievements, leadership qualities or financial need, to create and promote a more equitable, inclusive, and accessible educational landscape (McPherson & Schapiro, 2019). It is often targeted at the underrepresented or disadvantaged groups in the society, to break educational barriers as well as to serve as a catalyst for social and economic mobility (Heller, 2019). Beyond the premise of social inclusivity and equity, expenditure on

tertiary educational support can equally be viewed as a strategy that gives firms strategic advantage in the achievement of their financial goals. However, the attention given to expenditure on tertiary educational support in the financial statements of some firms makes it an unnecessary and unprofitable financial burden. Hence, the first hypothesis of this study is stated in the null form as:

H₀₁: There is no positive significant nexus between expenditure on tertiary education support and financial performance of deposit money banks.

b) Youth and Sports Support: This encompasses initiatives by corporate entities designed to provide resources and opportunities to young athletes for training, equipment, and participation in competitions locally and internationally. It is intended to provide athletic opportunities to talented individuals to pursue their passion for sports, as well as to promote community pride and unity, particularly in multi-ethnic societies like Nigeria (Gould, & Carson, 2018). However, the positive effect of public sports support goes beyond provision and promotion of individual and societal athletic needs, pride and unison, it can also be viewed as a means of advertisement and a platform for visibility, relationship creation and confidence building, which can positively impact the financial results of firms. Affirmatively, Maduku, Mpinganjira, and Duh (2016) opined that social responsibility initiatives such as youths and sports support positively influence customer loyalty, and that engaging with the youth and supporting sports activities attract a younger customer base; but evidence from financial statements of firms portrays it as an unnecessary financial incumbrance. Consequently, the second hypothesis of this study is stated in the null form as:

H₀₂: There is no positive significant nexus between expenditure on public sports support and financial performance of deposit money banks.

c) Public Health Projects: These are collaborative initiatives and endeavors by corporate entities intended to improve and safeguard the health and well-being of members of the society. The primary aim of public health projects is to prevent and reduce the occurrence of chronic diseases, and to promote public health within populations, through vaccination campaigns, awareness programmes, diagnostic and treatment programmes (Beaglehole & Bonita, 2019), by ensuring inclusivity, equality and social justice in healthcare. Beside the primary aim of embarking on public health projects, it can be said that when strategically aligned with business objectives, public health care initiatives have the potential to enhance the reputation of firms and attract socially conscious investors, to increase their turnover and financial performance. The concern however is, this seemingly important item appears to be undermined in the financial statements of firms. Therefore, the third hypothesis of this study is stated in the null form as:

H₀₃: There is no positive significant nexus between expenditure on public health projects and financial performance of deposit money banks.

d) Ecological Protection Projects: These are eco-friendly and biodiversity conservation initiatives encompassing responsible consumption campaigns, sustainable waste reduction and recycling strategies and campaigns, sustainable land-use strategies and campaigns, marine and aquatic life conservation projects and campaigns, etc. They are primarily designed to address pressing environmental issues to reduce greenhouse gas emissions, promote energy efficiency to promote and safeguard the stability and functionality of the natural environment and the variety of life towards a sustainable and low-carbon future for the benefit of present and future generations (McNeely, 2018; Gleick, & Palaniappan, 2020). Remarkably, this study looks beyond the social importance of ecological protection

projects to assume that ecological concern and protection initiatives can enable firms to meet or exceed regulatory requirements, avoid legal fines and challenges, thereby safeguarding and improving the reputation and financial position of firms (Clarkson, 2019). The problem however is, more often than not ecological protection projects are poorly presented like unnecessary financial burden in the financial statements of firms. Hence, the fourth hypothesis of this study is stated in the null form as:

H₀₄: There is no positive significant nexus between expenditure on ecological protection projects and financial performance of deposit money banks.

e) Social Welfare Projects: These are important initiatives primarily designed to enhance the quality of life of vulnerable, marginalized, disabled and displaced individuals, families, communities and or populations, to create economic opportunities, social cohesion and a more inclusive, equitable and just society that foster self-sufficiency and resilience and contribute to the stability and dignity of individuals and families (Kabeer, 2015). This can be achieved through the provision of financial assistance, vocational training, capacity building programmes and job placement services, gender equality and women protection and empowerment programmes, mental health counseling services (Wilkinson, & Pickett, 2019; Krieger, 2020). While this is in line with the stakeholder theory, this study additionally considers social welfare projects as strategic innovations that can create potential business opportunities, new market and new income streams that could strengthen and contribute to the competitive position and long-term profitability of corporate entities. However, the treatment of this apparently strategic item in the financial statements necessitates a fifth hypothesis in the null form as:

H₀₅: There is no positive significant nexus between expenditure on social welfare projects and financial performance of deposit money banks.

2.2 Theoretical Review

This study is underpinned by Joseph Schumpeter's innovation theory of profit which proposes that economic profit is a function of successful novel innovations and or inventions by entrepreneurs and corporate entities (Sledzik, 2013). Innovation according to Schumpeter is any novel policy or superior method of advertisement adopted and deployed by entrepreneurs and corporate entities to increase the demand and market for their goods and services (Upadhyay, & Rawal, 2018). This goes beyond the stakeholders' theory which merely proposes the incorporation and satisfaction of the diverse needs and interests of all stakeholders and the environment by corporate entities in their vision, mission and objectives, as either a means of compensation for negative externalities or a way of giving back to society.

The innovations theory of profit emphatically states that the major reason and reward for embarking on innovative programmes is to maximize profit, and that the key role of entrepreneurs and managers of businesses in contemporary time is to initiate and embark on innovative programmes to draw the attention of the public. This theory explicitly explains the motivation of this study, which stems from the need to ascertain if certain social responsibility accounting and reporting practices and innovations such as expenditures on tertiary education, public sports, public health, ecological protection and social welfare are positively connected to the profitability of deposit money banks (DMBs) in Nigeria.

This theory is appropriate and germane to this study because given the ever-shifting market and unpredictable business environment and requirement of deposit money banks in Nigeria, a proactive consideration and adoption of socio-customer-oriented

innovations that prioritize societal stewardship that would lead to positive public perception and increased customer loyalty, trust and revenue is most desirable.

2.3 Empirical Review

This study perused empirical findings and conclusions of similar studies conducted from 2013 to 2023 to answer its questions and achieve its objectives. Accordingly, a look at the work of Akinpelu, et al. (2013) suggests that social responsibility accounting is positively related to corporate financial performance. The authors conducted a study on corporate social responsibility activities disclosure by commercial banks in Nigeria, using multivariate analysis. The regression analysis results from secondary data obtained from selected banks revealed that corporate social responsibility activities disclosure was positively and significantly related to both gross earnings and total assets of commercial banks in Nigeria. This study also perused the work of Ogbonna, et al. (2014) and discovered a relationship between social responsibility accounting and reporting and financial performance. The authors investigated the effect of social responsibility accounting on the performance of selected companies in Rivers State, Nigeria. They used a quasi-experimental design and conducted a census to obtain primary data through questionnaire, from a population of 110 accounting and auditing staff of Guarantee Trust Bank, United Bank of Africa, Diamond Bank and Eco Bank in Rivers State. Descriptive results of Chi Square test from SPSS tool indicated that social responsibility accounting has a significant positive effect on the profitability, goodwill and shareholders wealth of the selected banks in Nigeria.

Lal (2018) also did an empirical investigation to ascertain the effect of corporate social responsibility accounting on profitability of oil and gas companies in Nigeria. He obtained secondary data from the annual accounts and reports of selected oil and gas companies, and found from descriptive and inferential SPSS test analysis that corporate social responsibility accounting significantly improves the profitability of oil and gas companies. This is consistent with the subsequent findings of Onyinye and Ehioghien (2019) who adopted an expo facto design to determine the relationship between corporate social responsibility accounting and financial performance of insurance companies in Nigeria. The study obtained a ten-year secondary data from the annual accounts and reports of 25 insurance companies out of a population of 40 that were quoted on the floor of the Nigeria Stock Exchange as at 31st December, 2016. The findings from descriptive (regression) test results conducted with SPSS showed a significant positive relationship between corporate social responsibility accounting and return on capital employed and net profit margin of the selected insurance firms.

The preceding empirical literature was upheld by the findings of Etale and Sawyerr (2020) who investigated the relationship between social responsibility accounting and profitability of Dangote Cement Plc. The authors obtained secondary data covering 2010 to 2018 from the annual financial statements of the company. The study used internal indices such as staff training and development, staff welfare and healthcare cost and staff pension and gratuity as proxies for SRA and explanatory variables. The descriptive results from E-view 10 multiple regression test analysis indicated that social responsibility accounting is positively related to profitability. This is consistent with the assertion of Agbo (2020) which says social responsibility accounting results to a positive public perception that translates into increased customer loyalty, trust, and competitive edge in the marketplace that unarguably influences the purchasing decisions of the public and contributes to revenue growth.

A further investigation on the relationship between social cost accounting and profitability of Glaxo Smith Kline Nigeria Plc. by Etale, et al. (2021), using employee

benefits, incentives welfare and healthcare cost and contribution to government revenue as independent variables and proxies for social cost accounting again indicated that a nexus between social responsibility accounting and reporting and financial performance. The authors obtained desirable secondary data from the content of the annual accounts and reports of Glaxo Smith Kline Nigeria Plc. for the period 2011 to 2016, and found from the descriptive statistics derived from E-view 10 multiple regression test analysis that social cost accounting is significantly related to profitability in a positive manner.

Finally, Shahwan, et al. (2023) conducted a study to identify the impact of social responsibility accounting on public shareholding companies listed on the Amman Stock Exchange during the COVID-19 pandemic. The study adopted a survey design to obtain primary data through questionnaire from a population of 173 companies. Findings from the descriptive (regression) test results conducted with SPSS showed a significant positive impact of social responsibility accounting on the return on assets of the listed companies. Tentatively, the foregoing empirical literature suggest a positive significant nexus between the independent variables of this study (Scholarship and Educational support, Youth and sports support, public health projects, ecological protection projects and public welfare projects) and financial performance of deposit money banks. However, none of the empirical studies reviewed completely considered the five variables of this study.

3. Data and Methods

The study adopted correlational panel design to investigate the nexus between social responsibility accounting and reporting and the profitability of deposit money banks in Nigeria. The design covers a ten-year period to obtain relevant data from DMBs that had consistently published financial data from 2013 to the last day of 2022, as there was no data in (2023) the year the study was initiated. This is appropriate because the broad objective of the study is to establish a causal relationship (or otherwise) between selected dimensions of social responsibility accounting and reporting initiatives and the profitability of deposit money banks. The study purposively conducted a census to obtain data from all DMBs listed on the floor of the Nigerian Exchange Group as at 31st December, 2022 that had complete financial data for the period under review.

Consequently, the sample size of the study which is the same as its population is 15 DMBs.

Desirable data were collected from the annual accounts and reports of DMBs published and documented in the Fact Book and the Statistical Bulletin of the Nigerian Exchange Group and Central Bank of Nigeria. The study used descriptive and inferential statistical tools such as mean, standard deviation, minimum and maximum averages, as well as such as correlation and multiple regression analyses with EViews 12, to test the panel data, to establish relationship between the variables and the cause and effect thereof. Remarkably, the descriptive analysis technique and the statistical indices were validated by diagnostic tests and Augmented Dickey- Fuller (ADF) unit root test.

Finally, the dependent variable (profitability) was proxied by profit-after-tax (PAT) and the independent variables namely scholarship and educational support (SES), youth and sports support (YSS), public health projects (PHP), environmental protection projects (EPP) and social welfare projects (SWP) were hypothesized in the null form, and appropriately tested with the Auto Regressive Distributed Lag (ARDL) Model:

$$\begin{aligned}\Phi(L)yt &= \varphi + \theta(L)xt + ut \dots\dots\dots 1 \\ \Phi(L)yt &= \varphi + \theta 1(L)x1t + \theta 2(L)x2t + \theta k(L)xkt + \mu t \dots\dots\dots 2\end{aligned}$$

4. Data Analyses and Discussion of Findings

4.1 Descriptive Statistics

Secondary data were obtained from the annual accounts and reports of 15 DMBs namely Access Bank Plc, Diamond Bank Plc., Ecobank Nig. Plc., First Bank Nig. Plc, First City Monument Bank Plc, Fidelity Bank Plc, Guaranty Trust Bank Plc., Skye Bank Plc., Stanbic IBTC Bank Plc., Sterling Bank Plc., Union Bank Plc., United Bank for Africa Plc., Unity Bank Plc., Wema Bank Plc. and Zenith Bank Plc. The desirable and relevant data collected are econometrically analyzed and presented as follows:

Table 1:

Descriptive Statistics of the Nexus between SRAR Initiatives and PAT

Variables	PAT	SES	YSS	PHP	EPP	SWP
Mean	35356.1 6	909978. 0	13.43498	309784. 1	209246. 7	12.50853
Median	25267.5 4	525100. 0	13.98407	68700.0 0	80283.5 0	12.47069
Maximum	69810.0 2	3201319	14.45994	1409214	828819. 1	12.99066
Minimum	13779.2 5	4762.00 0	14.52763	517.000 0	1.00000 0	12.08785
Std. Dev.	19555.2 1	1021080	14.22138	422808. 9	267227. 0	0.309113
Skewness	0.63121 0	0.81576 8	14.84951	1.22136 0	1.11549 8	0.408500
Kurtosis	1.84936 3	2.35706 7	14.04384	3.17262 8	2.78923 3	16.85431
JarqueBera	4.25493 3	4.48477 1	14.48062	8.74516 4	7.32340 7	17.00346
Probability	0.11913 9	0.10620 5	17.23977	0.01261 9	0.02568 9	17.50727
Sum	1237466	3184923 1	17.28156	1084244 2	7323635	15.61750
Sum Sq. Dev.	1.30E+10	3.54E+13	5.72E+12	6.08E+12	2.43E+12	3.56E+12
Observations	10	10	10	10	10	10

Source: Authors' Computation (2024)

Table 1 descriptively shows the mean, median, maximum, minimum, skewness, Kurtosis, sum square of deviation and the number of each observation for each the variables of the study. Importantly, Table 1 shows that the total number of observations from the samples in the study is 60, which is above 20 and is large enough and acceptable for generalization. In terms of kurtosis, there are more figures that are positively more than 2 than less than, hence, the distribution is too peaked (high) and is leptokurtic, and the implication is the possibility of presence of outliers (extreme values) that may skew the results.

Table 2:
Unit Root Test

Variables	ADF	cv@5%	Probability	Inference
PAT	-2.7082	0.5556	0.281223	I(0)
SES	-1.4899	-3.5555	0.012619	I(0)
YSS	-2.8854	-1.9958	0.0100	1(I)
PHP	-1.4324	-1.2921	0.025689	I(1)
SWP	-2.5388	-1.9958	0.0186	1(I)

Source: Authors' Computation (2024)

Table 2 contains Augmented Dickey- Fuller (ADF) unit root test results, to validate the consistence of the mean, variance and covariance during the period of review, as required in time series data. The stationary test shows that at level form, only PAT and SES were stationary at 10% and 5% levels of significance. However, the results changed after the first difference where PHP, EPP, SWP and YSS became stationary I(1) at 1% level of significance. The implication is that, the unit root test is a combination of I(0) and I(1), and requires the use of Auto Regressive Distributed Lag Model. Log of PHP, log of EPP, log of SWP and log of YSS are stationary at first difference (I(1) while log of PAT and log of SES are stationary at level I(0), and the *a priori* expectation when using the ADF test is that, a variable is stationary when the value of the ADF test statistic is more negative than the critical value at 5%.

4.2 Test of Hypotheses

The five null hypotheses of the study were tested with Auto Regressive Distributed Lag Model in Tables 3. The decision rule is to reject null hypotheses if the Probability (P) values of the independent variables are greater than 0.05 significant level; and to accept null hypotheses if P-values are less than 0.05 level of significance.

Table 3:
Auto Regressive Distributed Lag Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
PAT	0.530298	0.206820	2.564058	0.0829
SES	0.047262	0.045217	3.045229	0.0327
YSS	9.109371	3.093538	2.944645	0.0603
PHP	0.291310	0.276788	2.752467	0.0169
EPP	0.535851	0.244526	2.191385	0.1161
SWP	0.377467	0.336987	1.120125	0.0342
R-squared	0.986952	Mean dependent var	16.99174	
Adjusted R-squared	0.965206	S.D. dependent var	0.420932	
S.E. of regression	0.078517	Akaike info criterion	-2.016274	
Sum squared resid	0.018495	Schwarz criterion	-1.884791	
Log likelihood	15.07323	Hannan-Quinn criter.	-2.300014	
F-statistic	45.38468	Durbin-Watson stat	3.621337	
Prob(F-statistic)	0.005001			

Source: Authors' Computation (2024)

The R^2 in Table 3 is 0.986952 which is about 99%. This implies that about 99% change in PAT is explained by the independent variables, which further implies a better and high goodness of fit, because the R^2 is used to explain the goodness of fit and the higher the R^2 the better fit the independent variables. This is further explained by the F – statistics, 45.38468 which is greater than 2.5, and the probability value, 0.005001 which is <0.05 . The five hypotheses were tested with the t-stat and P-values in the ARDL model in Table 3 as follows:

Hypothesis One (H_01):

The $t = 3.05$, $P < 0.05$ expression is an extract from the ARDL result in Table 3, and it indicates that expenditure on scholarship and educational support has a statistically

significant positive relationship with the profits after tax of deposit money banks, as the p-value of 0.03 is less than the alpha value of 0.05 (that is, $P = 0.03 < 0.05$). Consequently, the first null hypothesis is rejected for the alternate, meaning there is a positive significant nexus between expenditure on scholarship and educational support and profits after tax of deposit money banks in Nigeria.

Hypothesis Two (H_02):

The result of $t = 2.94$, $P > 0.05$ obtained from the ARDL result in Table 3, and it shows that expenditure on youths and sports support does not have statistically significant relationship with the profits after tax of deposit money banks, as the p-value of 0.06 is greater than the alpha value of 0.05 (that is, $P = 0.06 > 0.05$). Therefore, the second null hypothesis is accepted. This implies that, there is no significant nexus between expenditure on youths and sports support and profit after tax of deposit money banks in Nigeria.

Hypothesis Three (H_03):

The ARDL result extract from Table 3 shows that expenditure on public health projects has a statistically significant positive relationship with the profits after tax of deposit money banks, as the p-value of 0.02 is less than the alpha value of 0.05 (that is, $P = 0.02 < 0.05$). Accordingly, the third null hypothesis is rejected for the alternate, which implies that, there is a positive significant nexus between expenditure on public health projects and profits after tax of deposit money banks in Nigeria.

Hypothesis Four (H_04):

The ADRL result extract from Table 3 demonstrates that expenditure on environmental protection projects does not have statistically significant relationship with the profits after tax of deposit money banks, as the p-value of 0.12 is greater than the alpha value of 0.05 (that is, $P = 0.12 > 0.05$). Hence, the fourth null hypothesis is accepted, meaning that, there is no significant nexus between expenditure on environmental protection projects and profit after tax of deposit money banks in Nigeria.

Hypothesis Five (H_05):

The ARDL result extract from Table 3 shows that expenditure on social welfare projects has a statistically significant positive relationship with the profits after tax of deposit money banks, as the p-value of 0.03 is less than the alpha value of 0.05 (that is, $P = 0.03 < 0.05$). Consequently, the fifth null hypothesis is rejected for the alternate, and this implies that, there is a positive significant nexus between expenditure on social welfare projects and profits after tax of deposit money banks in Nigeria.

Table 4: Regression Diagnostic Tests

Test for Serial Correlation	
F-statistic	0.802357
Obs*R-squared	4.424999
Prob.	0.4751
Prob. Chi-Square	0.1094
Confirmatory Tests,	
t-statistic	0.9980
f-statistic	0.9980
Likelihood	0.9172
Test for Heteroskedasticity	
F-statistic	0.369575
Scaled explained SS	0.9744
Prob (f)	1.125524
Prob. Chi-Square	0.8905
Normality Test:	
Prob	1.195354
Jarque Bera	0.550088

Source: Authors' Computation (2024)

Table 4 is the regression diagnostics test result computed to ascertain the serial correlation and the presence of stochastic dependence between errors across time. Importantly, the probability value of the F-stat (0.4751) indicates that the null hypothesis of no serial correlation in the residuals is accepted at 5% level. Furthermore, the p-value (0.9744) and the F-stat (0.369575) of the white test for heteroskedasticity shows that the null hypothesis of homoscedastic errors is accepted at 5% level. Finally, the probability value of 0.550088 of the normality tests of residuals using Jarque Bera shows that the residuals are normally distributed.

4.3 Discussion of Findings

The ADRL results on the first hypothesis reveals that there is a positive significant nexus between expenditure on scholarship and educational support and profits after tax of DMBs in Nigeria. This is in agreement with the empirical findings of Akinpelu, et al. which says that social responsibility accounting is positively related to the gross earnings and total assets of banks. It further affirms the assertion of Olokoyo (2013) which says that social responsibility accounting and reporting initiatives particularly tertiary education related programmes and activities result in customer loyalty, enhance corporate reputation as well as positively impact financial performance. This is because more than 60% of the population of emerging economies is either in schools or intending to pursue educational programmes, and they and or their sponsors are either existing or potential customers of deposit money banks. Definitely, expenditure on scholarship and educational support by DMBs would endear them to a greater part of the society and constitute a strategic advantage that would result to higher financial gains.

However, the ADRL results on expenditure on youths and sports support disclosed an insignificant but positive nexus profit after tax of DMBs in Nigeria, which is contrary to the empirical results of Ogbonna, et al. (2014) and Maduku, et al (2016), that revealed significant relationship between youth-focused social responsibility accounting and reporting initiatives and customer loyalty. Remarkably, the result on the second hypothesis indicates that there is need for DMBs to embark on more SRAR-youths targeted initiatives to strategically and profitably attract the youths, as they constitute a greater part of the

population of nations. Besides, most sporting activities especially football is loved by both the young and old who are existing and potential customers of deposit money banks. The point is that, companies that embark on youths and sports activities have better chances and opportunities of securing a younger customer base that would positively impact on their earnings.

Furthermore, the third ARDL model result on the third hypothesis revealed a positive significant nexus between public health projects and profits after tax of DMBs in Nigeria. This affirms the finding of findings of Onyinye & Ehioghiren (2019) who investigated the relationship between corporate social responsibility accounting and financial performance of insurance companies in Nigeria and found showed a significant positive relationship between corporate social responsibility accounting and return on capital employed and net profit margin. This because health is wealth and is highly valued and appreciated in every society. Commitment to social responsibility initiatives such as public health projects can translate into increased corporate reputation, customer loyalty, trust and competitive advantage that contribute to revenue growth (Maignan & Ferrell, 2019).

Nevertheless, the finding on the fourth hypothesis from the ARDL model of this study revealed a positive but insignificant nexus between expenditure on ecological protection projects and profits after tax of DMBs in Nigeria, and this is inconsistent with the empirical finding of Clarkson (2019), which claims that ecological protection projects save companies from legal fines and challenges, and are capable of improving their financial position. The finding on the fourth hypothesis of this study is also at variance with the empirical results of Etale and Sawyerr (2020) which revealed a positive nexus between social responsibility accounting and the profitability of Dangote Cement Plc. It further negates the opinion of Agbo (2020) that says social responsibility initiatives such as ecological protection projects can endear companies to potential customers, and positively change and influence the perception and purchasing decisions of the public. The implication however is that, DMBs are yet to recognize ecological related expenditures as strategic and profitable ventures.

Finally, the finding on the fifth hypothesis in the ARDL model shows a positive significant nexus between expenditure on social welfare projects and profit after tax of DMBs in Nigeria, and this is in agreement with the empirical test results of the studies of Etale, et al. (2021) which disclosed that social cost accounting is significantly related to the profitability of Glaxo Smith Kline Nigeria Plc in a positive manner. The finding of this study further confirms the empirical findings of Shahwan, et al. (2023) which says that social responsibility accounting initiatives such as social welfare and healthcare services during the COVID-19 (pandemic) period positively impacted the return on assets of listed companies in Amman.

Unarguably, engaging in social welfare projects is a demonstration and commitment to the well-being of a large number of the society of which greater percent are potential and prospective customers. This therefore implies that, social welfare projects and all expenditures on social responsibility initiatives in this study are viable strategic innovations that create potential business opportunities, new market and new income streams that strengthen and contribute to the competitive position and long-term profitability of corporate entities. Ultimately, the empirical findings on all the five social responsibility initiatives and variables complement and support Joseph Schumpeter's innovation theory of profit.

5. Conclusion and Recommendations

Drawing from the findings of this study which summarily indicate that all the selected independent social responsibility accounting and reporting variables of this study are positively related to profits-after-tax of deposit money banks, but at varying degree of significance, this study concludes that on the average, social responsibility accounting and reporting initiatives constitute a potential strategic initiative and advantage, as well as factor in the determination of financial performance of DMBs in Nigeria. Accordingly, this study recommends that deposit

money banks in Nigeria; should strategically integrate of SRAR initiatives into their long-term and short-term goals and core operations (transparently and holistically), rather than treating them as isolated projects; diversify their SRAR initiatives to address a broader range of societal and environmental issues, especially in initiatives that resonate with the local community's needs; effectively collaborate with stakeholders and partner with government agencies and non-profit organizations, to create a more significant positive footprint in addressing critical and key societal challenges; flexibly and responsively embark on regular evaluation on the effectiveness of their SRAR initiatives, and willingly adapt to evolving needs of the society and changing business landscapes; adopt and implement regular reporting mechanisms to showcase the outcomes and impact of their SRAR initiatives, through annual social responsibility accounting reports for accountability and genuine responsibility; and organize continuous training programmes on SRAR Best Practices and ethical conduct for employees and leaders.

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