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Analysis of the Relationship between Corporate Stability, Financial Performance and Social Responsibility in Nigeria

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Abstract: *This is a study on the relationship between corporate stability, financial performance and social responsibility of oil and gas companies in Nigeria with the following objectives. To determine how Corporate Social Responsibility (CSR) affects Return on Asset (ROA) of the oil and gas companies in Nigeria, to ascertain the effects of corporate social responsibility on Return On Equity (ROE) of the oil and gas companies in Nigeria and to identify how corporate social responsibility affects the net profit of the oil and gas companies in Nigeria. The study used a cross sectional survey design to carry out the research. The population of the study was all the oil and gas companies in Nigeria. Data collected were analyzed through the Simple Regression Analysis and Partial Correlation. Results of the study revealed that: Donation significantly affects Return on Equity and CSR significantly affects Net Profit of the oil and gas companies in Nigeria, Hence, from the findings of this work the research concludes that there is a strong positive relationship between CSR and financial performance and corporate stability. And that; CSR significantly affects the Return on Assets of the oil and gas companies in Nigeria; CSR significantly affects the return on equity of the oil and gas companies in Nigeria; CSR significantly affects the net profit of the oil and gas companies in Nigeria. Therefore all the null hypotheses have been rejected and the alternative hypotheses accepted. Based on the findings of the study, the following recommendations were made; Companies should carry out operational impact evaluation. This is in order to evaluate the effect of their operation on the community, the environment and the people as this will be able to help and control their CSR practices. It will help them check unwholesome practices; Companies should report regularly to its stake holders their corporate social responsibility practices. The companies are too secretive and do not allow other people have insight of most of their activities, therefore, forums should be created where these are reported to other people; Government should consider allowing all arm's length expenditure on corporate social responsibility for tax purposes to enable the companies become completely socially responsible.*

Keywords: Analysis, Corporate Stability, Financial Performance, relationship, social responsibility

INTRODUCTION

Scandals which shook corporate bodies such as Enron and WorldCom, Cadbury, NNPC etc. opened a debate concerning corporate governance and corporate social performance to the forefront of the minds of shareholders, managers, and public policy makers (Sufian, 2012). Traditionally, companies have to focus on strategies for their business operations and profit such as differentiation, diversification, turnaround, concentration and globalization (Awan & Akhtar, 2014). However, recent developments in strategic thinking support the need to add activities that expand out from the company into society (Awan & Akhtar, 2014). Corporations around the world are struggling with a new role, to meet the needs of the present generation without compromising the ability of the next generation to meet their own needs (Bindu & Naveen, 2018). Since the publication of the first separate corporate environmental reports in 1989, the number of companies that has started to publish information on its environmental, social or sustainability policies has increased substantially (Bessong & Tapang, 2012). Environmental problems have become major headlines of political, economic and corporate discussion due to the negative effects they bring to the stability of the ecosystem as organizations are being called upon to take responsibility for the ways their operations impact societies and the natural environment (Babalola, 2013). In its stronger form, the concept of Corporate Social Responsibility (CSR) asserts that corporations have an obligation to consider the interests of customers, employees, shareholders, communities, as well as the ecological 'footprint' in all aspects of their operations. These uncontrolled impacts of industrial activities on the environment have created critical ecological challenges on the planet; which has aggravated phenomena like climate change, ozone depletion, over-exploitation of natural resources, air pollution and increase in radioactive water pollution that has resulted to the continues destruction of the water marines thereby disrupting the sustainable development of such environment (Sufian, 2012).

These phenomena have invariably increased external pressure from many stakeholders such as government, financial institutions, social responsible investors and most especially community lobby groups whose activities have constantly created continuous social unrest. Thus, companies have to cope the challenges come from the public and stakeholders in order to get the good reputation, increasing the effectiveness of the companies, improving the performance of the companies, having good relation to the stakeholders, and getting "social permission" to operate their business within societies and communities (Peng & Yang, 2014). The concept of Corporate Social Responsibility is closely linked with the principle of Sustainable Development, which argues that corporations should make decisions based not only on financial factors such as profits or dividends, but also based on the immediate and long-term social and environmental consequences of their activities

At present, firms are seen not only as responsible to their direct owners, i.e. shareholders and debt holders, but to stakeholders as a whole, an enormous step-ahead from the era when corporations were profit maximization entities only. Thus, corporate social responsibility is viewed not as 'an expedient response to momentary social pressures, but rather a manifestation of deep, far- reaching social changes in our society. Corporate social responsibility is conceived as an activity policy and practice of organizations (and individuals) when firms voluntarily integrate social and environmental matters into their business and combine them harmoniously with economic interests, and the relationships with all stakeholders are based on the valuable principles of respect for the individual, society and the environment.

In Nigeria, Ajide and Aderemi (2014) hold that the issue of Corporate Social Responsibility (CSR) is deepening among organizations and societies. It is regarded as the organization's activity to make sustainable impact in society, and which in turn has the potential to create positive effect on the business organizations that engage in it. Thus, modem business managers are focusing on the fact that their organizations should extend its activities to the community and not limited only to goods or service (Bissong & Tapang, 2012).

Statement of the Problem

In an attempt to study the relationship between corporate stability, social responsibility and financial performance in Nigeria; it was discovered that some companies practice corporate social responsibility without disclosing it in their financial statement while others do not practice it. Also there is no uniformity by those that display it. For example, some companies display it as charity while others call it community project. Ajide and Aderemi (2014) observe that business organizations in Nigeria incur huge expenditures on social responsibility because they regard Corporate Social Responsibility (CSR) as a public relations stunt used by large corporations to look good in front of customers and other stakeholders. However, most companies do not find the justification for such, as the relationship between CSR expenditure and financial performance of corporations in developing nations remains unclear. Obi (2013) as in Ajide and Aderemi (2014) notes that in the year 2011, the oil and gas sector spent N9.5 billion on CSR, followed by telecoms with N6.4 billion. The banking industry came in third position with the report that a total of N1.869 billion was spent by eight Nigerian banks in 2012 on various community-related projects under corporate social responsibility to identify with the society in which they operate. The figure is about 70 percent of the total CSR expenditure of N3 .4 billion by the banking industry in year 2011 with prediction that the figure would double in the next two years due to increased understanding of the concept of CSR. In view of the huge expenditures incurred annually on CSR, it is generally held that corporate social responsibility (CSR) could increase company profits. Different researchers however analyze different aspects of social responsibility and social responsibility itself differs depending on the country context (Babalola, 2013). It can also be observed that the majority of studies were performed in developed countries, although over the recent years, there has been an increase in their number in developing countries as well. The research of corporate social responsibility showed that recently the main focus is paid on disclosure of social information. The problem remains that different studies provide mixed results about nature and scope of social information, about theories on corporate social information disclosure behavior and about CSR impact to company's reputation and financial performance. There is a crying need for an in-depth study into the quality, extent of corporate social responsibility disclosure and identification of areas for future improvement so that transparency can be ensured, especially in developing countries like Nigeria where CSR studies are limited (Ajide and Aderemi, 2014). While some studies prove a positive association between profitability of firms and CSR expenditures (Olayinka and Temitope 2011; Amole, Adebiyi & Awolaja, 2012), other studies prove a negative relationship between the two (Bessong and Tapang, 2012). Furthermore, the practice of CSR has been dominated by developments in Western developed countries, such as the United States of America (USA) and the United Kingdom (UK) and it is unclear whether it translates easily into developing and low income countries (Sarabi, (2017)). Thus, a firm cannot ignore the problems of the environment in which it operates (Babalola, 2013). This implies that a firm that wish to continue operation and enjoy customers' loyalty and patronage must seek social audit by scanning the environment it operates and ascertain the needs of the dwellers so as to provide it satisfactorily (Babalola, 2013). Though studies on corporate social responsibility and performance remain rampant, there is a need to re-examine the relationship between corporate social responsibility disclosure and expenditure in financial reports on profitability.

Specific Objectives

i. To determine how Corporate Social Responsibility (CSR) affects Return on Asset (ROA) of the oil and gas companies in Nigeria

ii. To ascertain the effects of corporate social responsibility on Return On Equity (ROE) of the oil and gas companies in Nigeria.
iii. To identify how corporate social responsibility affects the net profit of the oil and gas companies in Nigeria.

Research Questions

i. To what extent does Corporate Social Responsibility (CSR) affects Return on Asset (ROA) of the oil and gas companies in Nigeria
ii. What are the effects of corporate social responsibility on Return On Equity (ROE) of the oil and gas companies in Nigeria.
iii. How does corporate social responsibility affects the net profit of the oil and gas companies in Nigeria.

Research Hypotheses

i. Corporate Social Responsibility (CSR) does not affect the Return on Asset (ROA)
ii. Corporate Social Responsibility (CSR) does not affect Returns on Equity (ROE)
iii. Corporate Social Responsibility does not affect the net profit of the oil and gas companies in Nigeria.

Scope of the Study

This work is delimited to the three major oil companies, in Nigeria such as AGIP, TOTAL, SCHLUMBERGER which serves as the scope.

Significance of the Study

This work will be significant to the entire stakeholders, the management of the oil firm, the general public, and scholars.

Literature Review

Conceptual Review (CSR)

Welford (2015) sees "CSR" as an obligation to be accountable to all its stakeholders in all its operations and activities. Stakeholders exist within and outside a firm, therefore behaving socially responsible will increase the human development of stakeholders both within and outside (Clarkson 1995). This collaborates with Manescu (2010) who describes "CSR" as the way in which business firms integrate environmental, economic and social concerns into their culture, values, strategy, decision making and operation's in an accountable and transparent manner and, therefore leading to a better creation of wealth, an improved society and better practices in the business organization.

Contributing to this, Stainer and Stained (1997) hold that CSR is the intelligence and objective concern for the welfare of the society that retains the individual and corporate behaviour from ultimately destructive activities, no matter how immediately profitable and leads to the direction of positive construction of human betterment.

Principles of Corporate Social Responsibility

Crowther and Aras (2008) identified corporate social responsibility as activity and therefore posited that there are three basic principles that together comprise the corporate social responsibility activity. They are: sustainability, accountability, transparency.

Sustainability

"Sustainability is concerned with the effect which action taken in the present has upon the options available in the future. The starting point for every definition of sustainability comes from the Brundtland Report, which was published in 1987. This is actually a report named Our Common Future which was produced by the World Commission on Environment and Development. It is generally known however as the Brundtland Report after its chair".

Sustainability looks into the effect of action taken today and the options available in the future. A situation where we use a particular resource in course of our business, we consider whether the resource will be available for future use. The concern is more on resources that have limited supply. Where a resource is limited in quantity and cannot or will be difficult to be recreated, the question of sustainability comes to play. We must know that whatever resources that are used now will no longer be available to be used in the future. Therefore, for sustainability to be of effect, society must use no more than the resource they can regenerate. Raw materials extracted from the ground are finite in nature. For example; coal, oil and so on. Quantity used of these resources will not be available in the future at some point in time there has to be alternative. Sustainability measures the rate in which resources are consumed by an organization in relation to the rate it can regenerate those resources. In order to sustain unsustainable operations we need to plan for the future need of our operations.

Accountability

One of the principles recognized by Crowther and Aras (2008) is accountability. For CSR to be active, the company must have a sense of accountability. The company must recognize that its action affects the society and therefore must assume responsibility for such impact on the society. The external environment is affected by the companies' action 'through emissions, social change, infrastructural sharing and others. The presence of a company in an environment brings about a lot of vices. In our elementary economies one of the disadvantages of siting an industry in a particular place is that it brings about social misfits and increase criminal activities. Crowther and Aras (2008) said that accountability is concerned with an organization recognizing that its actions affect the external environment, and therefore assuming responsibility for the effects of its actions. The concept of accountability advocates for a quantification of the effects of actions taken, both internal and external to the organization. To be more specific the reporting of these quantifications must be made available to all parties affected by those actions. Therefore the effect of the action taken by the organization must be reported to the stakeholders. Not only the effect but the magnitude of it must be made clear. The stakeholders should not be in dark about this. Crowther and Aras (2008) went on to say that this concept therefore indicates acknowledgment that the business is part of a wider societal network and has responsibilities to that entire network rather than just to the owners of the organization.

Transparency

"Transparency, as a principle, means that the external impact of the actions of the organization can be ascertained from that organization's reporting and pertinent facts are not disguised within that reporting. Thus all the effects of the actions of the organization, including external impacts, should be apparent to all from using the information provided by the organization's reporting mechanisms. Transparency is of particular importance to external users of such information as these users lack the background details and knowledge available to internal users of such information. Transparency therefore can be seen to follow from the other two principles and equally can be seen to be a part of the process of recognition of responsibility on the part of the organization for the external effects of its actions and equally part of the process of transferring power to external stakeholders" (Crowther and Aras, 2008).

Donation

Donation is one of the corporate practices that help to enhance the image of the organization thereby leading to the acceptability of the organization. Sufian (2012) identifies 35 areas in which corporate social responsibility can be disclosed. One of it is cash donations by the organization. "CSR programs can take many forms, such as diversity initiatives, recycling programs, the use of green materials, support of community events, and donations of money to charitable causes" In order to get competitive advantage over competitors and gain corporate image boosting, companies have used donations as part of their CSR strategies. In Weber (2008), he classifies donation into one time and continuous donation, according to him; "One-time CSR costs include one-time donations such as the donations granted to support the Tsunami victims in 2004. One-time CSR costs also include investment costs e.g., for the installation of smoke filters that are beyond legal requirements, and other one-time costs caused by the CSR activities in scope. Continuous CSR costs include donations intended to continuously support a certain cause and fees such as license fees to use certain labels or patents, which are paid on a continuous basis shows that firm donation amounts do indeed improve campaign participation intentions. Further, the effects were filly mediated by consumer inferences. Donation can be monetary (Cash Donations) or non-monetary such as food stuff, clothing, houses, relief material etc.

Factors That Influence Donation Behavior

There are three factors that influence donation:
i. Status: The status of the donor affects the value or amount donated,
ii. Proximity: The proximity of the cause: How close the cause of donation is to the donor also affects donation.

iii. Empathy: Empathy towards the cause have also been linked to donation behaviors.

Characteristics of Donations

Statutory Board Financial Reporting Standard Guidance Note 2 Accounting and Disclosure for Donations stated three distinguishing characteristics of donations.

i. They are non-reciprocal transfers;
ii. They involve transfers from entities; and
iii. These contributions are voluntary. It went ahead to explain that though they are generally non-reciprocal, however, there may be instances where nominal consideration is provided by the receiver to the donors.

Accounting for Donation

"Donations should be recorded in a company's general ledger; just as any other major financial transaction is recorded. Whether money is coming in or whether it is going out, the general ledger helps to keep all of those core transactions in one central location" (Lewis, 2016). According to Statement of Financial Accounting Standards No. 116, "Contributions made shall be recognized as expenses in the period made and as decreases of assets or increases of liabilities depending on the form of the benefits given. For example, gifts of items from inventory held for sale are recognized as decreases of inventory and contribution expenses, and unconditional promises to give cash are recognized as payables and contribution expenses. Contributions made shall be measured at the fair values of the assets given or, if made in the form of a settlement or cancellation of a donee's liabilities, at the fair value of the liabilities canceled". Companies and allied matters act 1990 requires that a part of the financial statement of the company, the Director's report should reflect the efforts of the company in socio-economic scheme of things. The report is to include issues such as: charity; employment of disabled persons, health, safety and welfare at work of the employee and employees' involvement in the running of the company and their training. However, giving information about socio-economic activities of the corporation in the directors' Report does not satisfy the yearning of quantifying these costs and incorporating them in the financial statement. She stated that accounting for corporate social responsibility provides more comprehensive information for an informed decision making.

Empirical Review

Mehwish (2018) studied corporate social responsibility and its impact on financial performance. A case of banking industry of Pakistan. He made use of OLS technique to run the regression model for data analysis while he used multivariate regression model to determine the comparative reputation of individual variables to know which independent variable affect the dependent variables represented by the sign of better coefficients. He finds out that there is a significant positive impact of CSR on ROA and ROE. Further more, in the case of SR as the dependent variable, CSR has an insignificant impact on the market stock returns. Bank size as a control variable is used to run a regression analysis by using OLS (ordinary least square technique). Results show that CSR strengthens accounting returns but has no any significant influence on market return i.e. stock returns.

Najeb and Awni (2017) examined Corporate Social Responsibility and Company Performance. An empirical analysis of Jordanian companies listed on AMMAN stock exchange. Data were collected by purposive sampling method, descriptive, statistic, regression and correlation analyses were carried out. The panel data regression models, fixed effects (FE) and random effects (RE). the statistic result revealed fixed effect, findings showed positive but not significant relationship CSR, accounting based performance (ROA, ROE, ROCE), and market based performance (P/R, EP'S, P/V), while EPS ratio reported a significant and ROS ratio is a negative relationship. RE model results indicate that there is a negative relationship between CSR, accounting and market based company performance (ROA, ROS, P/R, and EPS), thus 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 results of the Hausman test is insignificant. This means the most statistically significant results does not statistically validate result lists.

Methodology

Research Design

The study made use of cross sectional survey design. In this type of study, subjects are contacted at a fixed point in time and relevant information is obtained from them. On the basis of this information, they are then classified as having or not having the attribute of interest"

Population of the Study

The relevant staff of Total E&P Nigeria Limited, Nigerian Agip Oil Company Limited and Schlumberger Nigeria Limited were used in the study. 137 staff consisting of staff in the finance, human resources and community affairs, safety and health environment of the companies.

Sample Size

The sample of the study is 102 staff. This was drawn from the three companies using proportional random sampling technique. The sample size was obtained from the Taro Yamane formula as follows:

(1) $n = \frac{N}{1+N(e)2}$

Where n = Sample size; N = Population size; E = Level of significant.

$$\mathrm{n} = 1 + \frac{nx}{1 + 137\ (0.05)2\ n = 102}$$

Thus the sample size (n) for the study is = 102.

Data Collection Method

Primary and secondary source of data collection were used for the purpose of this study. Primary data collection involved the administration of copies of questionnaire to respondents in the three departments of the companies under investigation. The secondary data collection method involved the review of relevant literature.

Questionnaire Design

The questionnaire was designed to be clear, concise, factual and easy to achieve the purpose of the research. The Likert type questionnaire with five points ranging from strongly agree to strongly disagree were used to obtain data from the respondents. The questionnaire was made up of two sections (i.e. section A and B). Section A contained questions on the personal data of the respondents while section B contained questions based on the hypothesis and stated research questions.

Test of Validity

The researcher after designing the questionnaire reviewed each items to assess its content as to the extent it relates to the variable under investigation. The researcher achieved the validity of this study by seeking for opinions of experts and the research supervisors for proper scrutiny and evaluation of the survey instrument so as to ensure its relationship with the variables under investigation. This was to ensure clarity in words in writing the items of the questionnaire. Also, it aimed at ensuring that the items of the questionnaire cover the content (variables) to be measured.

Test of Reliability

The instrument being a multivariate instrument has three sections namely sections A, B and C measuring the demographic data, the independent variables and the dependent variables. The reliability of instrument was established using test re-test method.

Data analysis Technique

The research questions were answered and hypotheses tested with one or more of the following statistics: mean, standard deviations, simple regression analyses and partial correlation as it applies to each situation. These were analyzed with the Statistical Package for Social Science (SPSS) Version 21.0. Testing of hypotheses was done at 0.05 level of significance. Hence, if the probability levels which was computer generated, is equal to or less than 0.05, the null hypothesis is rejected and the alternative hypothesis accepted and vice versa.

Operational Measure of Variable

This study examines two major variables: the independent and dependent variables. The study is basically on the test of the hypothesis whether there is a relationship between the independent variable and the dependent variable. The independent and dependent variable under empirical test are CSRA and profitability. To score the responses, the modified five point Likert scale instrument were used in the design. This is designed to measure the degree of intensity of the effect of the independent variables. The modified five-point Likert scales are designed as follows: Strongly agreed -5, agreed -4, neutral 3, disagree - 2, strongly disagree-i for positive questions while the reverse is the case for negative questions.

Data Presentation, Analysis and Discussion of Findings

Data Analysis

Table 1. Numbers and Percentages of Questionnaire Distributed and Retrieved

Companies	**No. Distributed**	**Percentage**	**No. Retrieved**	**Percentage**
AGIP	45	44.1	43	44.3
TOTAL	48	47.1	45	46.4
SCHLUMBERGER	9	8.8	9	9.3
TOTAL	102	100	97	100

Source: Research Survey, 2020

The influence of Corporate social responsibility on Return on Assets of Oil and Gas Companies in Nigeria

Table 2. Descriptive Statistics of Responses on CSR and Return on Assets (ROA)

	Mean	Std. Deviation	N
ROA	19.2474	2.86876	97
CSR	20.5464	2.67325	97

Source: Research output, 2020

Table 2 above shows that 97 individuals responded to the items of the questionnaire on CSR and Return on Assets. Scores on Return on Assets had a mean of 19.2474 and a standard deviation of 2.86876. Scores on Donation had a mean of 20.5464 and a standard deviation of 2.67325.

Table 3 shows that 97 respondents were used in the analysis. The Pearson correlation analysis yielded a coefficient of .885 which indicates a high positive relationship between responses on CSR and Return on Assets. This implies that as the respondents' scores on CSR increase, their scores on the Return on Assets increase likewise.

Table 3. Correlation Analysis of the Responses on CSR and Return on Assets

	ROA		**Donation**
	ROA	1.000	.885
Pearson Correlation	CSR	.885	1.000
	ROA	.	.000
Sig. (1-tailed)	CSR	.000	.
	ROA	97	97
N	CSR	97	97

Source: Research output, 2020

Table 4. Regression Analysis of the Responses on CSR and Return on Assets

Model	R	R Square	Change Statistics			
			df1	df2	Sig. F Change	
1	.885a	.784	1		95	.000

Source: Research output, 2020

Table 4 above shows the summary table of the regression analysis of the influence of CSR on Return on Assets. The coefficient of correlation (r) = .885 while the coefficient of determinate on (R2) = .784. This implies that about 78.4% changes in Return on Assets are accounted for by changes in CSR. Hence the remaining 21.6% changes in Return on Assets are due to changes in other factors than CSR. It therefore implies that CSR has high positive influence on the Return on Assets. This provides an answer to the research question four which asks: "To what extent does CSR affect the Return on Assets of the organisations" Table 4 also shows that the correlation coefficient of .885 is significant at 0.05 level of significance because the sig. for 2-tailed (at df =1, 95) which equals 0.000 <0.05. Therefore, reject the null hypothesis which states that CSR does not significantly influence Return on Assets of the oil and gas companies in Nigeria. Hence, accept the alternative hypothesis.

The Influence of CSR *on Return on Equity of Oil and Gas Companies in Nigeria*

Table 5. Descriptive Statistics of Responses on CSR and Return on equity (ROE)

	Mean	**Std. Deviation**	**N**
ROA	19.3505	2.76527	97
CSR	20.5464	2.67325	97

Source: Research output, 2020

Table 5 above shows that 97 individuals responded to the items of the questionnaire on CSR and Return on equity. Scores on Return on equity had a mean of 19.3505 and a standard deviation of 2.76527. Scores on CSR had a mean of 20.45464 and a standard deviation of 2.67325.

Table 6. Correlation Analysis of the Responses on CSR and Return on equity

		ROE	**DONATION**
Pearson Correlation	ROA	1.000	.794
	CSR	.794	1.000
		1.000	.000
Sig. (1-tailed)	ROE	.	
	CSR	.000	
	ROE	.000	
N	CSR	97	97
		97	97

Source: Research output, 2020

Table 6 shows that 97 respondents were used in the analysis. The Pearson correlation analysis yielded a coefficient of .794 which indicates a high positive relationship between responses on CSR and Return on equity. This implies that as the respondents' scores on CSR increase, their scores on the Return on equity increase likewise.

Table 7. Regression Analysis of the Responses on CSR and Return on equity

Model	R	R Square	Change Statistics			
			df1	df2	Sig. F Change	
1	.79A	.630	1		95	.000

Source: Research output, 2020

Table 7 above snows the summary table of the regression analysis of the influence of CSR on Return on equity. The coefficient of correlation (r) = .794 while the coefficient of determination (R2) = .63 0. This implies that about 63.0% changes in Return on equity are accounted for by changes in CSR. Hence the remaining 37.0% changes in Return on equity are due to changes in other factors than CSR. It therefore implies that CSR has high positive influence on the Return on equity. This provides an answer to the research question five which asks: "To what extent does CSR affect the return on equity of the organisations?"

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Table 7 also shows that the correlation coefficient of .794 is significant at 0.05 level of significance because the sig. for 2-tailed (at df=1, 95) which equals 0.000 <0.05. Therefore, reject the null hypothesis which states that CSR does not significantly influence return on equity of the oil and gas companies in Nigeria. Hence, accept the alternative hypothesis.

The effect of CSR *on Net Profit of Oil and Gas Companies in Nigeria*

Table 8. Descriptive Statistics of Responses on CSR and Net Profit

	Mean	**Std. Deviation**	**N**
Net Profit	19.1546	2.51142	97
CSR	20.5464	2.67325	97

Source: Research output, 2020

Table 8 above shows that 97 individuals responded to the items of the questionnaire on CSR and Net Profit. Scores on Net Profit had a mean of 19.1546 and a standard deviation of 2.50 142. Scores on CSR had a mean of 20.5464 and a standard deviation of 2.26375.

Table 9. Correlation Analysis of the Responses on CSR and Net Profit

		Net Profit	**DONATION**
Pearson Correlation	Net Profit	1.00	.752
	CSR	.752	1.000
Sig. (1-tailed)	Net Profit	.	.000
	CSR	.000	.
N	Net Profit	97	97
	CSR	97	97

Source: Research output, 2020

Table 9 shows that 97 respondents were used in the analysis. The Pearson correlation analysis yielded a coefficient of .752 which indicates a high positive relationship between responses on CSR and Net Profit. This implies that as the respondents' scores on CSR increase, their scores on the Net Profit increase likewise.

Table 10. Regression Analysis of the Responses on CSR and Net Profit

Model	R	R Square	Change Statistics			
			df1	df2	Sig. F Change	
1	.752*	.566	1		95	.000

Source: Research output, 2020

Table 10 above show the summary table of the regression analysis of the influence of CSR on Net Profit. The coefficient of correlation (r) = .752 while the coefficient of determination (R2) = .566. This implies that about 56.6% changes in Net Profit are accounted for by changes in CSR. Hence the remaining 43.4% changes in Net Profit are due to changes in other factors than CSR. It therefore implies that CSR has high positive influence on the Net Profit. This provides an answer to the research question five which asks: "How does CSR affect the Net Profit of the oil and gas companies in Nigeria?

Table 10 also shows that the correlation coefficient of .752 is significant at 0.05 level of significance because the sig. for 2-tailed (at df=1, 95) which equals 0.000 <0.05. Therefore, reject the null hypothesis which states that CSR does not significantly influence Net Profit of the oil and gas companies in Nigeria. Hence, accept the alternative hypothesis.

Summary of Findings

1. CSR significantly affects the Return on Assets of the oil and gas companies in Nigeria.
2. CSR significantly affects the return on equity of the oil and gas companies in Nigeria.
3. CSR significantly affects the Net Profit of the oil and gas companies in Nigeria.

Conclusions

From the findings of this work the research concludes that there is a strong positive relationship between CSRA and profitability. Also;

CSR significantly affects the Return on Assets of the oil and gas companies in Nigeria.

CSR significantly affects the return on equity of the oil and gas companies in Nigeria.

CSR significantly affects the Net Profit of the oil and gas companies in Nigeria.

Therefore all the null hypotheses have been rejected and the alternative hypotheses accepted.

Recommendations

Based on the findings of the study, the following recommendations were made:

1. Companies should carry out operational impact evaluation. This is in order to evaluate the effect of their operation on the community, the environment and the people. This will be able to audit and control their CSR practices. It will help them check unwholesome practices.
2. Companies should report regularly to its stakeholders their corporate social responsibility practices. The companies are too secretive and do not allow the people have insight of most of their activities. Forums should be created where these are reported to the people.

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