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Keywords: *corporate social responsibility, profitability, multinational companies, CSR spending.*

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Impact of Corporate Social Responsibility on the Profitability of Multinational Companies in Nigeria

Dr. G.T Akinleye [α] & Adedayo Temitayo Faustina [σ]

Abstract- This study investigated the impact of corporate social responsibility (CSR) on profitability of multinational companies in Nigeria. Specifically the study analyzed the relationship and impact of corporate social responsibility spending on profit after tax, as well as the causal relationship between corporate social spending and profit after tax. Five multinational companies were randomly selected in the study and data were collated from their respective financial reports for a period of five years covering 2010 to 2014. The study employed techniques including correlation analysis, pooled ols estimation, fixed effect and random effect estimations, granger causality estimation and post estimation test such as restricted f-test and Hausman test. Result revealed that there is weak negative correlation between corporate social spending and profit after tax (-0.0648). Corporate social spending exerts negative insignificant impact on profit after tax (β=-27.0860, P=0.704), while there is only evidence for unidirectional causal relationship running from corporate social spending to profit after tax for Oando plc, among all the selected multinational companies (f-stat=208.868, P=0.0440). Hence, the study concluded that there is insignificant relationship between corporate social responsibility and profitability of multinational companies, and that there is no substantial evidence of causality between corporate social responsibility and profitability among multinational companies in Nigeria. Thus the study recommended that multinational companies should increase their dedication to giving back to the society, by formulating a framework for CSR spending to boost the standard of living of Nigerians to the point that their social reputation will engender positive and substantial increase in financial performance, as this is essential for their going concern in the country.

Keywords: corporate social responsibility, profitability, multinational companies, CSR spending.

I. Introduction

Corporate social responsibility (CSR) has become a deck in corporate policies of multinational corporations (MNCs) in recent time, owing to the growing concern of government policy makers, agitation of host communities and environmental degradation effect of operation of most of the multinational companies around the world. The term Corporate Social Responsibility (CSR) as posited by Olaroyeke and Nasieku (2015) encompasses a variety of issues revolving around companies' interactions with society. It refers to sets of actions that appear to further some social good, beyond the interests of the firm and that which is required by law (McWilliams & Siegel, 2000). Important in this definition is that CSR activities are on a voluntary basis, going beyond the firm's legal and contractual obligations. As such it involves a wide range of activities such as being employee-friendly, environment-friendly, and respectful of communities where the firms' plants are located, and even investor-friendly (Bénabou & Tirole, 2010).

Globally, there is increased focus on corporate social responsibility not only by business organizations but also by government, international institutions and other stakeholders. The proliferation of the practice and expansion of corporate social responsibility around the world had led to a wide range of developed structures, principles, standards and framework by which corporate social responsibility can be governed. Several indices over time had been developed for evaluation of corporate social responsibility. Such rating include the Dow Jones Sustainability Index (DJSI) and the Financial Times Stocks Exchange Index. These indices rate firms based on various criteria including but not limited to human rights, environmental protection, worker's health and safety, labour standard, and accountability (Kashyap, Rajan & Stein 2008).

With increasing number of Multinational corporations in African continents such as those in oil and gas, airlines, beverages and pharmaceutical industries, CSR has become very relevant, especially in the new millennium. However, researches in these areas have received overwhelming dominance from the western-centric and these researches have been mostly within the developed countries of North America and Europe and of late focus on the transitional or emerging economies of China, Brazil, India, and Russia (Frederick, 1960); Friedman 1962; Davis and Blomstrom, 1966; Sethi, 1975; Carroll, 1979; Jones, 1980; Wood, 1991; Baker, 2003; Carroll and Buchholtz, 2008; Marcia, Otgontsetseg & Hassan, 2013; Lorraine, 2009; Carmen-Pilar, Rosa and Lisa, 2013.

In Nigeria, investigations carried out to delineate the nexus between corporate social spending and corporate financial performance had left much controversy than usual. Ohiokha, Odion and Akhalumeh

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(2016) in their investigation of the impact of corporate social responsibility on corporate financial performance found that corporate social spending has little influence on the financial performance of the sampled firms. On the other hand studies by Babatola (2012), Richard and Okoye (2013) revealed that there is notable relationship between corporate social responsibility and financial performance of organizations in Nigeria. Divergence in discoveries made by scholars has hither-to hindered dedication of organizations especially multinational corporations to corporate social spending, as they are skeptical about the resultant effect increasing corporate social spending could exert on their profitability.

Due to this unevenness of research findings in Nigeria, there is need to further investigate the connection between corporate social responsibility and profitability especially in the context of multinational corporations (MNCs). Gaps identified in the study include dearth of investigation into the dynamic impact of corporate social responsibility on profitability of multinational corporations cutting across industries and the fact that previous studies do not fully harness the strength of panel data analysis to cover both fixed effect and random effect estimations. Thus this study set out to investigate the impact of corporate social responsibility on profitability of multinational companies using full static panel data analysis including pooled OLS estimation, fixed effect estimation and random effect estimation for static investigation, as well as granger causality analysis. Specifically the paper set put to:

i. analyse the relationship between corporate social responsibility and profitability of multinational companies in Nigeria;
ii. analyse the impact of corporate social responsibility on profitability of multinational companies in Nigeria; and
iii. ascertain the causal relationship between corporate social responsibility and profitability of multinational companies in Nigeria.

II. Literature Review

a) Conceptual Review

i. Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) as posited by Olaroyeke and Nasieku (2015) encompasses a variety of issues revolving around companies' interactions with society. It refers to sets of actions that appear to further some social good, beyond the interests of the firm and that which is required by law (McWilliams & Siegel, 2000). Important in this definition is that CSR activities are on a voluntary basis, going beyond the firm's legal and contractual obligations. As such it involves a wide range of activities such as being employee-friendly, environment-friendly, and respectful of communities where the firms' plants are located, and even investor-friendly (Bénabou & Tirole, 2010). According to Enahoro, Akinyomi, & Olutoye, (2013), Corporate social responsibility (CSR) covers a wide range of issues such as plant closures, employee relations, human rights, corporate ethics, community relations and the environment.

ii. Multinational Corporations (MNCs)

The term multinational corporation (MNC) can be defined and described from differing perspectives and on a number of various levels including law, sociology, history and strategy as well as from the perspectives of business ethics and society. Multinational corporations are companies which seek to operate strategically on a global scale. A multinational corporation is a company, firm or enterprise that operates worldwide with its headquarters in a metropolitan or developed country. Hill (2005) defines Multinational Enterprise as any business that has productive activities in two or more countries. Certain characteristics of Multinational Corporations should be identified at the start since they serve, in part, as their defining features. Often referred to as "multinational enterprises," and in some early documents of the United Nations they are called "transnational organizations," Multinational Corporations are usually very large corporate entities that while having their base of operations in one nation—the "home nation"—carry out and conduct business in at least one other, but usually many nations, in what are called the "host nations." Multinational Corporations are usually very large entities having a global presence and reach (Kim, 2000). Multinational corporations (MNCs) can spur economic activities in developing countries and provide an opportunity to improve the qualities of life, economic growth, and regional and global commons.

iii. Concept of Profitability

Profitability is considered as one of the most important studied indicators of the strategic value of CSR (Ortlitzki, Schmidt, & Rynes, 2003). Researchers have started the empirical study of CSR and profitability several decades ago in western countries. Many firms have been faced with increasing pressure for corporate accountability from their stakeholders (managers, employees, customer, government, shareholders, and so on) (Waddock, 2004). This pressure includes aspects such as legal, social, moral, and financial aspects. Profitability in this context implies financial performance. However result of existing researches on CSR and its relationship with financial performance, are inconclusive. Results of some studies showed a positive relationship between CSR and profitability, on the other hand some concluded that a negative relationship exists while some gave a non significant relationship.

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b) Theoretical Review

i. *Stakeholder's Theory*

Stakeholder's theory is a very basic theory to CSR. Freeman's stakeholder theory asserts that managers must satisfy a variety of constituents (e.g., workers, customers, suppliers, local community organizations) who can influence firms' outcomes. According to this view, it is not sufficient for managers to focus exclusively on the needs of stockholders, or the owners of the corporation. Stakeholder theory implies that it can be beneficial for the firm to engage in certain CSR activities that non-financial stakeholders perceive to be important; because in the absence of this, these groups might withdraw their support for the firm (McWilliams & Siegel, 2000). A fundamental aspect of stakeholder theory, in any of its aspects, is that it identifies numerous different factions within a society to whom an organization may have some responsibility. Stakeholder's theory is a theory of organizational management and business ethics that addresses moral and values in managing organizations. In the traditional view of the firm, the shareholder view, the shareholders or stockholders are the owners of the company, and the firm has a binding financial obligation to put their needs first, to increase value for them. However, stakeholder theory argue that there are other parties involved, including governmental bodies, political groups, trade associations, trade unions, communities, financiers, suppliers, employees, and customers. Sometimes even competitors are counted as stakeholders - their status being derived from their capacity to affect the firm and its other stakeholders.

ii. *Carroll's Model of Corporate Social Responsibility*

One of the prominent models of corporate social responsibility is Carroll's pyramid model of corporate social responsibility. According to Carroll (1991) corporate social responsibility constitutes four kinds of corporate social responsibility namely: economic responsibility, legal responsibility ethical responsibility and philanthropic responsibility. As posited by Caroll (1991) these responsibilities are framed in a pyramid structure. In his opinion the economic components of corporate social responsibility is about the responsibility for profit and this responsibility serves as the base for the other components of the pyramid. With regard to the legal aspect, society expects organizations to comply with the laws and regulations, Ethical responsibilities are about how society expects organizations to embrace values and norms even if the values and norms might constitute a higher standard of performance than required by law, while Philanthropic responsibilities are those actions that society expect for a company to be a good corporate citizen.

iii. *Empirical Review*

Scholtens (2008) investigated the relationship between CSR and financial performance of a sample of 289 firms from the US for the period of 1991-2004 by using Ordinary least square OLS and Granger Causation technics of analysis. It was concluded in the study there is significnat correlstin between corporate social responsibility (CSR) and financial performance, though components of CSR like community involvement, employee relations, diversity, environment does not have positive relationship with financial performance in respect of return and risk.

Foote, Gaffney, and Evans, (2010) studied the impact of corporate social responsibility on performance of organization in the perspective of Malcolm Baldrige criteria of the USA and also compared this with the current academic thought. They had gone through various theories of firm's management, current academic thought and research to carry out the study in the criteria of Malcolm Baldrige. They concluded that there was a positive influence of corporate social responsibility on firm's performance.

Iqbal, Ahmad, Basheer, & Nadeem, (2012) examined the connectivity of CSR with financial performance, market value of share and financial leverage of 156 listed companies on Karachi Stock Exchange for the period of 2010-11. They adopted descriptive statistics, correlation and regression to conduct the study. This study showed a mixed result, that CSR negatively affected the market value of those companies and that CSR did not have any influence on those companies and also that there was no relationship between CSR and financial leverage.

Mujahid and Abdullah (2014) studied the dependency of CSR on firm's financial performance as well as on shareholders' wealth in Pakistan. They had selected 10 firms which are highly rated as CSR firms and 10 non- CSR firms to see the differences in their financial performances and shareholders wealth as well. They selected the return on equity (ROE) and return on assets (ROA) ratios as financial performance indicators and stock prices and earnings per share (EPS) as representing shareholders' wealth. They adopted a mixed methodology in the study and concluded that there was a significant positive relationship between CSR and financial performance and shareholders' wealth.

Ohiokha, Odion, Akhalumeh (2016) analyzed corporate social responsibility and corporate financial performance in Nigeria. The study empirically demonstrated the impact of corporate social responsibility on firms financial performance. The study adopted pooled survey research design covering twenty nine (29) firms in Nigeria over a period covering 2005 to 2010. Data collected from the annual reports of the selected firms were analyzed using panel data regression analysis. Result revealed that corporate

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social responsibility (CSR) had little impact on the financial performance of the sampled companies.

Olaroyeke and Nasieku (2015) conducted an investigation of the effect of corporate social responsibility on the performance of listed manufacturing companies in Nigeria. The population comprised of all the listed manufacturing companies in the Nigerian Stock Exchange. Out of the total 74 quoted companies, 15 companies were randomly selected from five difference sectors of the manufacturing sector. Descriptive techniques were employed in this analysis based on primary data collated from responses of senior managers, chief accountants, and chief auditors. Result revealed that corporate social responsibility activities have a moderate positive effect on the performance of manufacturing companies listed on Nigeria Stock Exchange, and that manufacturing companies engage in CSR not only for profitability but for other reasons such as better corporate image, marketing and advertising strategy; employee satisfaction and fulfillment, improve competitive advantages, productivity and business opportunities; organizational values, among others. The study, therefore, recommended that companies engage in CSR policies and strategies not only to improve their performance but also to strengthening its legitimacy, reputation and building competitive advantage

Onyewuchi and Obumeke (2013) studied multinational corporations and the Nigeria economy. The study specifically analyzed how multinational corporations have served as agent of imperialism in any country they operated. In the study it was established that the multinational companies are exploitative as natural resources found in the country which is meant for the development of the country are productively utilized due to de-capitalization of the economy in form of profit repatriation. However the study emphasized that despite the negative activities of MNCs, they contribute positively in the areas of technological development and creation of employment opportunities

Richard and Okoye (2013) examined the impact of corporate social responsibility on the deposit money banks of Nigeria. Descriptive survey research design was adopted in the study with focus review of literatures on the subject matter of corporate social responsibility and financial performance. The study reveals that Social responsibility has a great impact on the society by adding to the infrastructures and development of the society. It was therefore concluded in the study that a company has to give back to the society in which it operates, clean up all forms of pollution it has caused in its course of operation and also provide infrastructural facilities to the society as a way of giving back and developing the society. Hence the study recommended that CSR should be included in the law and enforced on the firms accordingly and that Government should fix a minimum percentage of profit corporate firm should expend on corporate social responsibility activities.

III. Research Method

a) Model Specification

The model of this study is hinged on the theoretical framework of the stakeholder theory which states that managers must satisfy a variety of constituents (e.g., workers, customers, suppliers, local community organizations) who can influence firm outcomes. The theory implies that it can be beneficial for the firm to engage in certain CSR activities that stakeholders perceive to be important, because in the absence of this, stakeholder might withdraw their support for the firm, which will ultimately affect their performance. The theory identified corporate social responsibility as a phenomenon of corporate performance. Thus the models of the study are specific in linear forms below:

Static Model:

$$PAT_{it} = \alpha_0 + \alpha_1 CSS_{it} + \alpha_2 TOL_{it} + \alpha_3 TOA_{it} + \mu_i \qquad (i)$$

Dynamic Model:

$$PAT_t = \sum_{i=1}^{n} \delta_i PAT_{t-i} + \sum_{j=1}^{n} \theta_j CSS_{t-j} + U_{1t} \qquad (iii)$$

$$CSS_t = \sum_{i=1}^{n} \delta_i CSS_{t-i} + \sum_{j=1}^{n} \theta_j PAT_{t-j} + U_{1t} \qquad (iv)$$

Where:
PAT=Profit after Tax
CSS=Corporate social Spending
TOL=Total Liability
TOA=Total Asset
U (s)=Stochastic Error Terms
i=cross sectional unit subscript
t=period subscript

b) Sources of Data and Methods of Estimation

Data used in this study were collected from the annual financial statements of five randomly selected multinational companies including Guinness Nigeria Plc, Oando Nigeria Plc, Breweries Nigeria Plc, Cadbury Nigeria Plc and Unilever Nigeria Plc. Data collated in the study covered a period of five years spanning from 2010 to 2014. In the quest to attain the objectives predetermined in the research work and to provide answers to research questions raised, the study employed panel data analysis such pooled ols estimation, fixed effect estimation, random effect estimation and granger causality analysis, alongside post estimation test such as restricted f-test, and hausman test.

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IV. Results and Discussion

a) Correlation Analysis

Table 1: Correlation Matrix

	PAT	CSS	TOA	TOL
PAT	1.0000			
CSS	-0.0648	1.0000		
TOA	0.0485	0.7196	1.0000	
TOL	-0.2085	0.7157	0.9546	1.0000

Source: Author's Computation, (2016)

As shown in Table 1, the correlation between profit after tax and explanatory variables including corporate social responsibility (CSR) Total asset (TOA) and Total liability (TOL) stood at -0.0648, 0.0485, -0.2085 respectively. Reported correlation statistics revealed that there is negative relationship between profit after tax and corporate social responsibility, which connotes that profit and corporate social responsibility moves in opposite direction, consideration the strength of correlation statistics, it can be observed that the relationship between profit after tax and corporate social responsibility is weak. The reported statistics also revealed that profit after tax and total asset of the selected multinational companies moves in the same direction, while profit after tax moves in opposite with total liability of the selected multinational companies. Correlation statistics reported for pairs of explanatory variables stood at 0.7196, 0.7157, 0.9546 for CSS AND TOA, CSS AND TOL, TOA AND TOL respectively, meaning corporate social responsibility of multinational companies selected in the study moves in the same direction as their total asset and total liability and also that both total asset and total liability move in like direction.

b) Pooled Regression Analysis

Table 2: Pooled OLS Parameter Estimates
Series: PAT CSS TOA TOL

Variable	Coefficient	Standard Error	T-Test Values	Probability
C	6205.231	5059.199	1.23	0.234
CSS	-16.31206	73.62828	-0.22	0.827
TOA	0.7720722	0.105713	7.30	0.000*
TOL	-1.175202	0.156886	-7.49	0.000*

R-square=0.7339
Adjusted R-square=0.6959
F-statistics=19.31
Prob (F-stat) =0.0000

Source: Author's Computation, (2016)

Result of pooled OLS estimation reported in Table 2 revealed that corporate social responsibility has insignificant negative impact on profit after tax, with reported estimate of -16.31206, and probability value of 0.827. the impact of total asset on profit after tax as revealed in the reported estimate of 0.7720722 and corresponding probability value of 0.000 is said to be positive and significant, while total liability exert negative significant impact on profit after tax based on the reported estimates of -1.175202 and probability values of 0.000. reported R-square for the pooled OLS estimation stood at 0.7339, meaning about 73% of systematic variation in profit after tax of the selected multinational companies can be explained by variation in corporate social responsibility, total asset and total liability combined, with justification for joint significant impact of the explanatory variables on the profit after tax, based on the reported f-statistics of 19.31 and its corresponding probability value of 0.00000

c) Fixed Effect Analysis

Table 3: Fixed Effect Parameter Estimates (Cross Sectional Specific)

Series: PAT CSS TOA TOL

Variable	Coefficient	Standard Error	T-Test Values	Probability
C	21279.08	8245.878	2.58	0.019
CSS	-27.0860	69.98992	-0.39	0.704
TOA	.5328433	.1195442	4.46	0.000*
TOL	-.9743104	.1518247	-6.42	0.000*
Cross-sectional effects				
OANDO	-613.9566	10200.71	-0.06	0.953
BREWERIES	-19024.75	8957.705	-2.12	0.049*
CADBURY	26181.18	10743.31	2.44	0.026*
UNILEVER	-7889.948	8706.926	-0.91	0.378

R-square=0.8566 Adjusted R^2=0.7975, F-statistics=14.50, Prob(F-stat) = 0.0000
Source: Author's Computation, (2016)

Reported in table 3 is the fixed effect cross section specific estimation result, which account for the likely heterogeneity effect that might exist among the selected multinational companies. Table 3 revealed that the impact corporate social responsibility on profit after tax is negative and insignificant given reported coefficient estimates and probability values of -27.0860 and 0.704 respectively. The tables revealed that total

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asset exert significant impact on profit after tax of the selected multinational companies with reported estimate and probability value of .5328433 and 0.000, while the impact is negative and significant with estimate and probability values reported to be -.9743104 and 0.000 respectively. Table 3 reported deviation of the intercept term corresponding to Oando, Breweries, Cadbury, and Unilever from the reference intercept term (21279.08) representing intercept term for Guinness plc. Specifically table reported deviation term to be -613.9566, -19024.75, 26181.18, and -7889.948 for Oando, Breweries, Cadbury, and Unilever respectively. Reported probability values for the corresponding deviation terms revealed that the intercept term for Breweries and Cadbury differ significantly from that of the reference firms (Guniness), which reflects that there is presence of heterogeneity effect amidst the selected multinational companies. Reported R-square at stood at 0.8566 which implies that about 86% of the systematic variation in profit after tax of the selected multinational companies can be explained by corporate social responsibility spending, total asset and total liability. F-statistics and probability values of 14.50 and 0.0000 confirmed the fitness of the model.

d) Random Effect Estimation

Table 4: Random Effect Estimation

Series: PAT CSS TOA TOL

Variable	Coefficient	Standard Error	Z-Test Values	Probability
C	6205.231	5059.199	1.23	0.220
CSS	-16.31206	73.62828	-0.22	0.825
TOA	0.7720722	0.105713	7.30	0.000*
TOL	-1.175202	0.156886	-7.49	0.000*

R-square=0.7339, Wald chi2=57.92, Prob > chi2=0.0000

Source: Author's Computation, (2016)

Result of random effect estimation conducted in the study reported in table 4 revealed that corporate social responsibility exerts negative insignificant impact on profit after tax. Specifically the reported estimates stood at -16.31206 alongside probability values of 0.825. The result on the other hand revealed that total asset exert significant positive impact on profit after tax with estimates and probability values of 0.7720722, and 0.000 respectively, while the impact of total liability on profit after tax is negative and significant with reported estimate and probability values of -1.175202 and 0.000. R-square value reported in table 4 stood at 0.7339, alongside Wald statistics and probability values of 57.92 and 0.0000 respectively.

e) Post Estimation Test

Table 5: Restricted F Test of Heterogeneity (Cross-Sectional Specific)

Null hypothesis	F-statistics	Probability
all differential intercept are not significantly different from zero	3.63	0.0258

Source: Author's Computation, (2016)

Table 5 reported the result of test conducted to ascertain whether restriction on the heterogeneity effect among the selected multinational companies is valid. F-statistics value reported stood at 3.63 alongside probability value of 0.0258 respectively. The result revealed that there is enough evidence to reject the null hypothesis that all differential intercept corresponding to the cross sectional specific units are equal to zero. Therefore it can be concluded that there is cross-sectional heterogeneity/uniqueness among the selected multinational companies. Thus pooled OLS estimator restriction is not valid as cross-sectional heterogeneity effect is too significant to be ignored.

Table 6: Hausman Test

Null hypothesis	Chi-square stat	Probability
Difference in estimate of fixed effect and random is not systematic	12.85	0.0050

Source: Author's Computation, (2016)

Result of Hausman test reported chi-square value of 12.85 alongside probability values of 0.0050, which implies that there is enough evidence to reject the null hypothesis with differences in estimates of fixed effect and random is not systematic in favour of the alternative hypothesis that difference in estimate of fixed effect and random is systematic. It thus stands that error component model (random effect) estimator is not appropriate because the random effects are probably correlated with one or more regressors. Thus the most consistent and efficient estimation for the study is the fixed effect cross-sectional specific estimation presented in Table 3 above.

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f) Granger Causality Analysis

Table 7: Result of Granger Causality Test

GUINNESS		
Null Hypotheses	F-Statistics	Probability
PAT does not Granger Cause CSS	95.0328	0.0651
CSS does not Granger Cause PAT	0.00018	0.9914
OANDO		
Null Hypotheses	F-Statistics	Probability
PAT does not Granger Cause CSS	2.4E-06	0.9990
CSS does not Granger Cause PAT	208.868	0.0440*
BREWERIES		
Null Hypotheses	F-Statistics	Probability
PAT does not Granger Cause CSS	29.5813	0.1158
CSS does not Granger Cause PAT	6.83862	0.2325
CADBURY		
Null Hypotheses	F-Statistics	Probability
PAT does not Granger Cause CSS	0.23134	0.7146
CSS does not Granger Cause PAT	0.40991	0.6375
UNILEVER		
Null Hypotheses	F-Statistics	Probability
PAT does not Granger Cause CSS	0.26720	0.6963
CSS does not Granger Cause PAT	1.13774	0.4795

(*) significant at 5% level of significant
Source: Author's Computation, (2016)

Table 7 reported result of granger causality analysis conducted in the study to ascertain the causal relationship between corporate social responsibility and profitability of the selected multinational companies. The reported statistics revealed that there is no evidence of causal relationship between profit after tax and corporate social spending for all the selected multinational companies except Oando which recorded the presence of unidirectional causality running from corporate social spending to profit after tax, with specific f-statistics and probability values of 208.868 and 0.0440 respectively.

V. Conclusion and Recommendations

From the correlation statistics presented in Table 1, it can be observed that there is weak negative correlation between corporate social spending and profit after tax (-0.0648) which suggests that corporate social spending of selected multinational companies move in opposite direction, though with weak degree. The reported estimates for the impact of corporate social spending in its most consistent and efficient presented in Table 3 stood at -27.0860 alongside probability values of 0.704, meaning that profitability of the selected multinational companies responds negatively and insignificantly to increase in corporate social spending. Specifically the result revealed that profitability tends to decline in the same period by 27.0860 million Naira for every one million increase in the total corporate social spending of the selected multinational companies. Table 3 revealed that profitability of multinational companies selected in the study respond positively and significantly to increase in total asset, while increase in total liability dampens their profitability prospect on the other hand. As reported in the table 7 there is no evidence of causal relationship between profitability and corporate social responsibility spending for all the selected multinational companies except Oando plc where a unidirectional causality running from corporate social responsibility spending was recorded (f-statistics = 208.868, prob=0.0440). It thus implies that past corporate social spending of multinational companies does not significantly influence their present level of profitability except in the case of Oando plc. From the foregoing, the study underscored the fact that most of the multinational do not consider corporate social responsibility spending as an important factor that can boost their performance, as such they invest meager amount that could not trigger positive social interest and boost their reputation to the point that increase profitability will be guaranteed. In a nutshell, the study established that CSR spending by multinational companies in Nigeria over time had removed from their profitability prospect than it has added to it. Observably, the insignificant relationship/impact of corporate social responsibility and/on profitability substantiate the findings of previous studies including Ohiokha, Odion, and Akhalumeh (2016) where it was established that corporate social responsibility has insignificant impact on financial performance of firms in Nigeria, as well as

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Igbal et al (2012) where it was established that CSR spending has negative impact on firms value and performance. Contrariwise discoveries made in the study does not agree with the discoveries and submissions of Olaroyeke and nasieku (2015), Onyewuchi and Olameke (2013) and Udensi (2015).

From the discoveries made in the study, it becomes evident that there is insignificant negative relationship between corporate social responsibility and profitability of multinational companies in Nigeria. Corporate social responsibility exerts negative insignificant impact on profitability of multinational companies. The study also established that there is no causal relationship between corporate social responsibility and profitability for most of the multinational companies sampled in the study, save for the case of Oando Plc (an oil company) that reflect unidirectional causal relationship running from corporate social responsibility to profitability. The study thus recommended that multinational companies should increase their dedication to giving back to the society, by formulating a framework for CSR spending to boost the standard of live of Nigerians to the point that their social reputation will engender positive and substantial increase in their financial performance, as this is essential for their going concern in the country.

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