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Corporate Social Responsibility and Financial Performance of Selected Food and Beverage Companies in Nigeria

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ABSTRACT: This study examines the effect of community involvement activities on the financial performance of food and beverage companies in Nigeria. The specific objectives are to determine the relationship between corporate social responsibility and return on capital employed, and to determine the relationship between corporate social responsibility and earnings per share. The study made use of the quantitative research method. The sample of the study comprises seventeen (17) food and beverage companies listed on the Nigerian Stock Exchange market. Quantitative Data analysis was analyzed using the Stata. The coefficient of determination, R squared, measure was put to test the significance of the regression model in explaining the relationship between corporate social responsibility practices reported in the annual reports and the financial performance. The findings of the study revealed community involvement has a positive but insignificant relationship with return on capital employed and also has a positive insignificant relationship with earnings per share in food and beverage companies in Nigeria. Consequent to this study, it was recommended among others that food and beverage companies should endeavor to improve on their corporate social responsibility disclosures especially the ones with relatively low levels of disclosures.

KEYWORDS: Community involvement, Corporate social responsibility, Financial Performance, Food and beverage companies.
JEL Classification: G30, M41, Q56

INTRODUCTION

The financial performance of organizations or corporations has been a subject that has generated growing attention amongst accounting scholars and researchers. It is an economic measure that exhibits the market value of a whole business. A firm with high financial performance is an indication that such an organization isn't just effective but a similar time efficient in the management of resources operationally, investment-wise in addition to financing activities (Kurawa & Saidu, 2018).

The primary goal of any business enterprise is predicated on profit maximization and firm financial performance is a yardstick to evaluate and project the situation of a firm. Financial performance evaluates the extent of accomplishment of an entity's economic goals as well as measuring the financial health over a period (Daferighe, Akpanuko, & Offiong, 2019).

Nowadays, business organizations are not only responsible to their shareholders but also to the communities where they operate, they go as long as creating wealth for society, as well as jobs and other opportunities. The reason for this is not unconnected with the adverse effects of their production activities being felt by the people, hence the need to cushion the effects by not only engaging in social practices (corporate social responsibilities) but also disclosing such social performance to legitimate their operations. Many business observers look to organizations to bring solutions to environmental concerns in their host areas. Business is important to the problem, and it must be central to the remedies as well. Organizations are expected to fulfill their social responsibilities to their host communities in areas such as environmental preservation, human rights, human capital, and product protection, to name a few.

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 (Uwuigbe, 2011), 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 must consider the interests of customers, employees, shareholders, and 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 & increase in radioactive water pollution that has resulted in the continuous destruction of the water marines thereby disrupting the sustainable development of such environment (Uwuigbe, 2011). 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 (Manescu & Starica, 2008).

Different stakeholders sustained pressures on companies to increase their corporate social responsibilities and at the same time release standalone or related reports. These pressures include but are not limited to regulatory issues, media interest, reputation concerns, public concern, consumer pressure, perceived market advantage, etc. Business organizations today work in a society that expects them to do more than just economic functions by producing goods not only to provide goods and services, but also to play a social and environmental role and responsibilities (Okpala, & Iredele, 2019). Firms can no longer ignore the social problems of society or the destructive impacts of their activities on the environment (Akinlo, & Iredele, 2014). There is a demand to provide greater accountability for social and environmental information through various means of corporate communication aimed at informing a large number of audiences.

Some views hold that companies feel reluctant to sustain and increase their investment in social because they attract costs such as collating cost, cost of preparing the information, disseminating cost, and a host of others, which may be on the high side. Since financial performance is critical to the continued existence of a business organization apart from providing a yardstick for measuring the fulfillment of a firm’s economic goals over time. It is necessary to unravel the relationship between corporate social responsibility practices and attendants’ effects on a firm’s financial performance or otherwise.

The purpose of this study, therefore, is to investigate the effect of corporate community involvement on the financial performance of listed food and beverage companies in Nigeria. The specific objectives are to:

1. examine the relationship between Corporate Social Responsibility Disclosure and Return on Capital Employed by Food and Beverage companies
2. assess the relationship between Corporate Social Responsibility Disclosure and Earnings Per Share of Food and Beverage companies

LITERATURE REVIEW

Corporate Social Responsibility

Corporate social responsibility (CSR) is a concept that has been around for a long time and is usually applied to corroborate the idea that companies have obligations beyond shareholders one of the key components of CRS often is used to address stakeholders in the corporate community involvement (CCI). Corporate community involvement is likely the most apparent aspect of corporate social responsibility (CSR) and the most common expression of CSR initiatives among businesses. A corporate community involvement (CCI) initiative is about the interaction between a company and its environment. Community involvement (CI) is the “wider contribution the company voluntarily makes to the community, usually through a partnership with charities and community-based organizations”. Corporate Community Involvement (CCI) is typically interpreted as a pro-social orientation that may require service to benefit the community and which could produce positive impacts or benefits.

Corporate community participation plans can range from simple donations at the management's discretion with no expectation of profit return to the elaborate company and community relationships that are part of a company's overall strategy. Corporate community participation broadens the concept of corporate citizenship, which entails giving time, products, money, services, leadership, or other resources to the community in which the business works. Corporate community participation has lately evolved from the periphery to being an intrinsic component of the firm's business plan, with a predetermined amount of money allocated in the corporate yearly budget cycle.

According to one survey, 9 percent of businesses currently indicate that their corporate community participation is not at all connected with a specific company or sector goals. Companies are shifting away from viewing corporate community participation initiatives as pure altruism and toward viewing such programs as strategic strategies to generate competitive advantage, with the idea that the program will be difficult to replicate by others. As a result, businesses are contributing an increasing number of resources to different community programmes. Businesses can use several tactics to do effective community business. Most corporate community participation programmes are seen as discretionary. These actions are not required by law; rather, they are a voluntary commitment made by a corporation in selecting and implementing these projects. Corporate community participation techniques are classified into four types: contribution, staff volunteerism, non-collaboration, and collaboration. A business company contributes set amounts or donates a portion of earnings to a certain cause under the financial donation approach.

Sponsorship can be included with a financial gift. The second option is to encourage or allow workers to donate their time to help local causes. There are several advantages to playing an active part in your community.

To begin with, it is the correct thing to do. Contributing to the community strengthens it while also building relationships and loyalties. It may also give a vital touchpoint with your customers and prospects from a public relations standpoint since local media loves to publish tales about businesses doing good in their community. Depending on how you engage your community, other companies or individuals may reciprocate or even share information about your efforts.

Community engagement refers to people and communities being able to participate fully in decision-making, such as local decision-making, and thereby impact decisions that have an impact on their lives. It is also about community empowerment, such as having access to relevant information and counsel. Proper community participation is not a one-time event. Rather, it is continuing, valuable, significant, offers numerous opportunities, and is really and widely impactful. Proper community involvement should not entail imposing or, worse, just ignoring measurements of success on the community. Instead, it offers the community a primary role in determining the success of a project or programme.

Financial Performance

The financial performance of an organization depicts how such an organization makes use of its assets to generate profit. The value of a firm is the present value of the expected future cash flows after adjusting for risk at an appropriate rate of return. It is the managerial activity that is concerned with the planning and controlling of the firm’s financial resources. Financial performance is the overall measure of a company’s ability to maximize its cost of operations, efficiently use its assets, and maximize shareholder value. Management effectiveness and efficiency lead to the high performance of the firm in making use of the company’s resources and this, in turn, contributes to the economy of the country at large.

Furthermore, financial performance is a measure of an organization's revenues, profits, and value appreciation, which is represented by the rise in share price. This financial performance research looks at two fundamental accounting measures for firms: Return on Equity and Return on Asset.

Return on Assets is a measure that shows the amount of earnings that have been generated from invested capital. It represents the number of Kobo earned on each naira worth of assets. It enables users, stakeholders, and monitoring agencies to evaluate how successfully a firm's corporate governance structure secures and motivates efficient management. It is determined as ROA = Annual Net Income/Average Total Assets.

Furthermore, financial performance shows the financial health of a company over a period, which is usually measured in various ways including profitability, market share growth, return on investment, return on equity as well as liquidity. Similarly, financial performance is been described as a combination of varying financial activity of a firm that is disclosed in the annual reports through balance sheets, cash flow statements and income statements, which could be measured by the market performance and the company’s financial performance (Yahaya, 2018). In the view of another author, he described financial performance as a critical consideration for profit-making firms, which is also the bottom line for assessing the goals of the firm (Okpala, 2019). He further described the financial performance as the strives of companies to achieve stated objectives, involving a process of measuring the result of the firm’s policies and operations in financial terms (Okpala, 2019).

Corporate financial performance is the measure placed on a firm to know how it can use its assets from its primary mode of business to generate revenue. Corporate financial performance is a subjective indicator of how well a company can utilize its assets to create income for the organization. It is employed as a broad indicator of a company's overall financial health during a certain period. Financial performance is used by analysts and investors to evaluate similar enterprises in the same sector or to compare sectors or industries in aggregate. There are many ways to measure financial performance, but all measures should be taken in aggregate. Line items such as revenue from operations, as well as total unit sales, might be employed. They may also want to dig further into the financial accounts to search for margin growth or any lowering debt. A company's stakeholders include trade creditors, bondholders, investors, employees, and management. Each group has a vested interest in tracking a firm's financial success using data published by the company known as the annual report. The purpose of the report is to provide stakeholders with accurate and reliable financial statements that provide an overview of the company’s financial performance.

One of the roles of accounting is to provide information on business performance. This performance may be measured from the perspective of monetary value, normally using financial accounting information, and/or from the perspective of non-monetary information. Financial performance measurement is an important tool to use to measure how well a company has been using the available resources at its disposal effectively having a yardstick for the measurement to know if the company is worthwhile in its day-to-day activities. Financial performance measures (Financial key performance indicators) KPI are metrics organizations use to track, measure, and analyze the financial health of the company. These financial KPIs are classified into several groups, including profit, liquidity, solvency, efficiency, and assessment. These metrics are typical examples of analysis tools in the financial statement and are among the most important for managers and other stakeholders within and outside an organization to understand. Gross profit margin, Net Profit margin, Working Capital, Current ratio, Quick ratio, leverage, Debt to Equity ratio, inventory turnover, Total asset turnover, return on equity, Return on assets, operating cash flow, and Seasonality.

Theoretical Review

This study adopted the Legitimacy Theory which is based on the idea that a firm's legitimacy to function in society is dependent on the existence of an implicit social compact between the enterprise and society. According to legitimacy theory, organizations constantly work to guarantee that they operate within the constraints and norms of their communities, that is, they attempt to ensure that their activities are viewed as legitimate by third parties (Ofoegbu, Odoemelam. & Okafor, 2018). Managers are constantly striving to be certain that their organization abides by the social compact by functioning within society's expectations. As the result, the company tries to maintain its survival and continuity by voluntarily disclosing detailed information to society to demonstrate that it is a good citizen; as a result, the company tries to maintain its survival and continuity by voluntarily disclosing detailed information to society to demonstrate that it is a responsible citizen. The concept is accustomed to represent the multitude of implicit and explicit expectations that society allows the organization to continue operations up to the point where it generally meets their expectations.

Legitimacy theory is emphasizing that organizations must appear to take into account the rights of the public at large not considering merely the interest of its investors alone. An event where they failed to comply with societal expectations may lead to sanctions being imposed by society. In adherence to this perspective, a firm would have to voluntarily report its activities when management perceived that those were the activities expected by the host communities in which they operate.

Further, legitimacy theory is derived from the concept of organizational legitimacy, as it grants organizations the right to carryout its operation in an agreement with society's interests. Hence, organization seeks to operate with the norms and aspirations of their respective communities (Gray, 2000). This theory emphasizes the drives of organization to ensure their operations are not only legal, but also depicts them to be socially responsible10. Legitimacy theory supports the notion that companies alter their reporting policies to show that their operations are consistent with the social priorities and expectations of the society. Legitimacy also establishes an incentives for corporate environmental reporting, steaming from the existence of a general social contract between companies and society. Legitimacy theory stresses the need for the company and the environment to have close social relations as both are engaged in socialcontract (Uwuigbe, 2011).

Review of Empirical Studies

Saud, Rohalia, and Azam (2019) examined the relationship between Corporate Social Responsibility and Financial Performance in Iraqi Companies. Data was taken from the firms' annual reports over the period from (2014 to 2018). The study employed a correlation research design in identifying the connection between earnings per share, return on assets, net profit margin, and CSR. A sample of 30 companies was chosen from the sector of industry and findings suggest mixed results across different industries and contribute to companies' appropriate strategic decision-making for CSR disclosure by providing more precise information regarding the impacts of each directional CSR on financial performance.

Kalai and Sbais (2019) investigated the effect of corporate social responsibility disclosure on companies' financial performance in terms of quantity and quality on the Financial Performance of Companies in Tunisia. This article studied the connection between the disclosure of corporate social responsibility (CSR) and the financial performance of Tunisian companies. The study asserts that there exists very little study on the effects of CSR's quantity and quality disclosure and business value. The study is considered among the first to investigate the effect of the quantity and quality of CSR disclosure on the effectiveness of listed companies in Tunisia. Descriptive statistics and regression analysis were applied in the investigation. Furthermore, the research is founded on annual reports from companies registered on the Tunis Stock Exchange. for a total of 40 listed companies, which represents a sample of 30 observations for each variable. The study period is spread over the years 2014, 2015, and 2016 and results indicated that the amount of CSR disclosure has a positive effect on business success financially regardless of their size, their risk and debt levels, this allows us to show that the stakeholders generally give their trust to organizations that have socially responsible behavior and a regular disclosure system. The outcomes also demonstrate that the quality of CSR disclosure has a favorable impact on the financial performance of companies as measured by economic, financial, or stock market profitability.

Gitahi, Nasieku, and Memba (2018) examined the disclosure of corporate social responsibility and the value relevance of annual reports for listed banks in Kenya. Existing research has produced contradicting inferences or equivocal findings on the value relevance of disclosure of corporate social responsibility and, more broadly, narrative accounting, in accordance with the study. In light of the existing literature's contradictory inferences or inconclusive findings, the study attempted to increase the line of research on value relevance by determining whether corporate social responsibility disclosure has a relationship with the value relevance of annual reports for Kenyan listed banks. Descriptive and inferential statistics were applied in this investigation. The study also employed text analysis and financial experts' perceptions to measure corporate social responsibility disclosure, which is included in yearly reports by banks. The annual reports of ten banks listed on the Nairobi Securities Exchange (NSE) from 2010 to 2015 were included in the sample. The study made use of both primary and secondary data. Survey questionnaires were distributed to respondents who were financial analysts at a total of 61 Kenya's Capital Markets Authority to acquire primary data. The findings demonstrated a positive and significant association between corporate social responsibility disclosure and the value relevance of annual reports, as evaluated based on the average share price on the market (MPS).

Nguyen (2018) studied in Vietnam and investigated the effect of corporate social responsibility disclosure on financial performance with evidence from credit institutions in Vietnam. The study observed a dearth of research concentrating on identifying the conventional banking sector's relationship between corporate social responsibility and financial performance in Vietnam, which financed more and more economic activities with a focus on sustainable development and offering microcredit to the poor to be limited. The study tries to address the gap by conducting research based on a sample of commercial banks in Vietnam. The study employed content analysis to approach CSR-related data as well as an ordinary least square (OLS) estimator to analyze data. The finding of the study indicates that there is a significant negative relationship between Vietnam's commercial banks' financial performance and CSR disclosure. This result could be explained by greater legal responsibilities for social responsibility at a time when banks are facing difficulties due to the economic slowdown during the research period. In addition, the view of bank consumers toward banking corporate social responsibility in Vietnam contributed to the development of this negative relationship.

Mansaray, Yuanyuan, and Brima (2017) explored the influence of corporate social responsibility disclosure on the financial performance of African enterprises. The goal of the research was to assess the effect of CSR disclosure (CSR disc) on the financial performance of African firms in the short and long term. The study observed that there are numerous empirical studies on the relationship between corporate social responsibility and a firm's financial performance but, most focused on developed countries with CSR index. Also, this study focuses on Africa considering six countries (South Africa, Kenya, Nigeria, Mauritius, Morocco, and Egypt) that represent; East, west, North, south, and central Africa making it very important for a cross-sectional analysis of the impact of CSR disclosure (CSR disc) on the financial performance of firms in different industries to the extent on how it affect each sector in Africa market. The study employed content analysis referred to this as CSR disc and employed accounting based to measure the financial performance of firms (return on assets [ROA] for short-term, and return on equity [ROE] for long-term). Multiple linear regression analysis was done with a sample of panel data for a period of 11 years (2005-2015), and results showed that unlike for the sales and manufacturing, health and pharmacy, and other industries, CSR disc affects the financial performance of firms in the short-run (ROA) negatively for the mining, investment, and transport industries. In relation to long-term (ROE) financial performance, the majority of the results suggest positive but no significant economic benefits for the firms. Although there is a positive relationship between CSRdisc and the financial performance of some firms, in the long run, the financial performance of firms in Africa does not depend significantly on their CSR practices but rather on other factors, such as their previous performance, leverage, volume of capital, and size. Given the numerous benefits of CSR, it is recommended that firms continue to give priority to this practice, in improving the African economy, Government should establish standard CSR policies and encourage institutions in its implementation, though CSR is in its infancy stage effective and efficient sensitization on its benefits should be made available at all levels and government should give technical support to institutions that practices CSR, Policy makers, investors, managers, and other bodies should be encouraged in promoting the idea of CSR and Government should enforce laws on institutions that fail to comply by CSR implementations.

METHODOLOGY

This study adopted descriptive and inferential statistics to describe the population and make inferences from the sampled results to the broader population of this study. The quantitative method is justified due to the need to see how important elements like social disclosures and company compliance with financial performance governance regulations are. The annual reports for the period 2016-2020 of the selected food and beverage firms listed on the Nigerian Stock Exchange market were obtained for this study. The population of this study is the seventeen (17) food and beverage firms listed on the Nigerian Stock Exchange market. Also, the sample size of this study is Seventeen (17) listed food and beverage companies on the Nigerian Stock Exchange market. This study adopted secondary data compiled from the audited financial statements of the seventeen (17) food and beverage companies listed on the Nigerian Stock Exchange market covering the period of five (10) years from 2011 to the year 2020. The study made use of content analysis. The use of this content analysis method in this research work is based on its popularity and suitability in measuring a company’s corporate social responsibility in audited annual reports.

Content analysis was used to determine the score for CSR depending on the number of sentences dedicated to the each component of CSR in the company’s annual reports.

Quantitative data was then analyzed using the Stata. The coefficient of determination, R squared, measure was put to the test the significance of the regression model in explaining the relationship between corporate social responsibility practices reported in the annual reports and the financial performance.
The study employed the use of Panel Least Square Regression Analysis to test the hypothesis.

Model Specification
The relationship was explained by the following regression model as adapted from (Okpala, & Iredele, 2018):
FP=f (CSR, CMI, EMC, HRP, PDR)
Where:
FP= Financial performance
CSR= Corporate Social Responsibility Disclosure
CMI = Community Involvement
EMC = Employee Concerns
HRP = Human Right Protection and Protection of Stakeholders' Interest
PDR = Product Responsibility
e= error term
β =Constant
The mathematical form of the above function can be written as:
$FP=\beta 0 +\beta 1\ CSR+\beta 2\ CMI+\beta 3\ EMC+\beta 4\ HRP+\beta 5PDR$
Also, return on capital employed (ROCE) and Earnings Per Share (EPS) will be used as measures of the firm's financial performance. The above equation will therefore be disaggregated into the following sets of equations bearing in mind, the objectives of the study:
For objective one, we shall have:
$EPSit= \beta 0 +\beta 1\ CSRit+\lambda i\ [\beta 2\ CMIit+\beta 3\ EMCit+\beta 4HRP+\beta 5PDR+\beta 6SIZEit+\beta 7LEVit+\varepsilon it$
For objective two:
$ROCE\ it= \beta 0 +\beta 1\ CSRit+\lambda i\ [\beta 2\ CMIit+\beta 3\ EMCit+\beta 4HRP+\beta 5PDR+\beta 6SIZEit+\beta 7LEVit+\varepsilon it$
Where;
LEV = Leverage
SIZE = Size of the firm
Financial performance is the dependent variable and will be measured by return capital employed and Earnings per share. Corporate Social Responsibility is the independent variables and measured through Community Involvement (CMI), Employee concerns (EMC), Human Right Protection and Protection of Stakeholders Interest (HRP), and Product Responsibility (HRP) while the size is the control variable. The findings will then be presented for easier interpretation.

Analysis and Presentation of Data

Descriptive Analysis Results
As shown in the table, the average value of community involvement is 3.68, which ranges from a minimum of 2.00 to a maximum of 5.00 with a standard deviation of 0.95.

Table 1. **Descriptive results of Corporate Social Responsibility disclosure by Food and Beverage Companies in Nigeria**

	CMI	EMC	EPS	HRP	PDR	ROA	ROCE	ROE
Mean	3.68	3.90	8.38	4.13	4.13	9.54	20.96	19.92
Median	4.00	4.00	1.32	4.00	4.00	6.57	14.00	14.51
Max	5.00	5.00	185.00	5.00	5.00	93.26	257.00	134.00
Min	2.00	2.00	0.00	3.00	2.00	0.02	0.03	0.12
Std. Dev.	0.95	0.88	19.64	0.77	0.81	11.63	27.24	21.14
Sum	538.00	570.00	1224.49	603.00	603.00	1394.09	3060.44	2909.20
Sum Sq. Dev.	133.50	114.65	55951.55	86.52	96.52	19616.75	107608.6	64848.50
Observations	150	150	150	150	150	150	150	150

Source: Authors' Computation 2022

Relationship between Corporate Social Responsibility Disclosure and Earnings Per Share of Food and Beverage companies

The regression model in equation 1 was used to determine the effect of corporate social responsibility disclosure on the earnings per share of food and beverage companies. CMI, EMC, HRP, and PDR are the independent variables, while ROA is the dependent variable. The result of the regression analysis shows that community involvement and product responsibility have a positive insignificant relationship with earnings per share while Employee concerns and Human rights protection have a negative but insignificant relationship with earnings per share

Table 2. Relationship between Corporate Social Responsibility Disclosure and Earnings Per Share of Food and Beverage companies

	Model 3	
VARIABLES	**Fixed Effect Model**	**RandomEffect Model**
Cmi	-1.824	3.361
	(3.349)	(2.832)
Emc	2.566	-0.930
	(3.295)	(3.018)
Hrp	0.703	-2.297
	(3.604)	(3.294)
Pdr	11.09***	3.479
	(3.922)	(3.121)
Lev	-0.0179	-0.0472
	(0.145)	(0.134)
Constant	-43.67**	-5.102
	(17.80)	(13.41)
Observations	150	150
R-squared	0.079	
Number of company	15	15

Source: Authors' Computation 2022

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Hausman Test Result

The result of the Hausman test below indicates that fixed effects are preferred. Also, the random effect results showed that community involvement and product responsibility have a positive insignificant relationship with earnings per share while Employee concerns and Human rights protection have a negative but insignificant relationship with earnings per share.

Table 3. Huasman Test Result

	(b) Fe	(B) Re	(-B) Difference	(V_b-V_B)) SE
CMI	-1.824189	3.360921	-5.18511	1.787828
EMC	2.565999	-.9296096	3.495608	1.322539
HRP	.7028982	-2.296684	2.999582	1.461688
PDR	11.08753	3.478807	7.608721	2.376459
LEV	-.0179487	-.0472267	.029278	.0544974

Source: Authors' Computation 2022

chi2(5) = (b-B)'[(V_b-V_B) ^ (-1)] (b-B)
= 13.68
Prob>chi2 = 0.0178

Relationship between Corporate Social Responsibility Disclosure and Return on Capital Employed by Food and Beverage companies

The regression model in equation 2 was used to determine the effect of corporate social responsibility disclosure on the financial performance of food and beverage companies. CMI, EMC, HRP, and PDR are the independent variables, while ROA is the dependent variable. The result of the regression analysis shows CMI has negative but insignificant relationships with ROA under fixed and random effects models, EMC has positive but insignificant relationships, PDR has negative and insignificant relationships under the two models while HRP has a negative relationship with ROA under the fixed effect model and a positive relationship with ROA under random effect model. Also, the further result shows that the relationships of the dependent variables are not significant.

Table 4. Relationship between Corporate Social Responsibility Disclosure and Return on Capital Employed by Food and Beverage companies

	Model 4	
VARIABLES	**Fixed Effect Model**	**Random Effect Model**
Cmi	-4.308	1.524
	(4.704)	(3.825)
Emc	1.555	1.355
	(4.628)	(4.148)
Hrp	2.028	1.311
	(5.062)	(4.523)
Pdr	-1.710	-2.607
	(5.510)	(4.168)
Lev	-0.613***	-0.345*
	(0.204)	(0.185)
Constant	31.72	16.48
	(25.00)	(17.52)
Observations	150	150
R-squared	0.076	
Number of company	15	15

Source: Authors' Computation 2022

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Hausman Test Result

The result of the Hausman test below indicates that random effect is preferred. Also, the random effect results showed that Community involvement, Employee concerns, Human rights protection, and protection of stakeholders' interests all have a positive but insignificant relationship with ROCE, while Product responsibility has a negative but insignificant relationship with ROCE. This result shows that CMI, PDR, and HRP have no direct impact on the capital employed by the companies.

Table 5. Huasman Test Result

	(b) **Fe**	**(B)** **Re**	**(-B)** **Difference**	**(V_b-V_B))** **SE**
CMI	-4.308161	1.523508	-5.831669	2.739397
EMC	1.554993	1.355147	.1998458	2.052932
HRP	2.027541	1.311122	.7164186	2.272505
PDR	-1.709826	-2.607479	.8976529	3.604067
LEV	-.6133586	-.3452754	-.2680833	.085372

Source: Authors' Computation 2022

chi2(5) = (b-B)'[(V_b-V_B) ^ (-1)] (b-B)
= 20.29
Prob>chi2 = 0.0011

CONCLUSION AND RECOMMENDATIONS

The study looked into the relationships between corporate social responsibility and financial success in Nigerian food and beverage companies. The broad goal of this study is to investigate the impact of social responsibility on the performance of selected Nigerian food and beverage companies. From the analysis, the study established that most of the food and beverage companies listed on the Nigeria Stock Exchange (NSE) had engaged in one form or another of corporate social responsibility in terms of long-term projects such as building schools, scholarship programs, provision of a medical health center for employees and the community, sponsorship of sports activities, waste management programs and continuous product improvement.

The study analyzed the implication of corporate social responsibility on financial performance with legitimacy theory, which holds that the company is contributing to social and environmental impact because of the need to legitimize its operations in the community or society. This is supported by the result of the findings of this study which reported largely insignificant relationships between corporate social responsibility disclosures and the financial performance of the sampled companies.

The study further established through the regression analysis, that community involvement has a positive but insignificant relationship with return on capital employed and also has a positive insignificant relationship with earnings per share.

This study found out that most of the sampled companies were embracing corporate social responsibility disclosures though mostly the report was in a non-monetary form. The study further discovered that there were negative but insignificant relationships between the various scores measuring social and environmental disclosures and the financial performance of food and beverage companies listed on the Nigerian Stock Exchange. The study observed that an increase in corporate social responsibility disclosures may not necessarily lead to an increase in the financial performance of the companies. Therefore, the researchers concluded that voluntary corporate social responsibility alone would not lead to the higher financial performance of food and beverage companies in Nigeria.

However, the following recommendations are critical:

1. Food and beverage companies should endeavor to improve on their corporate social responsibility disclosures, especially the ones with a relatively low level of disclosures.
2. The issue of corporate social responsibility should be part of the corporate mission and strategy statements and not just be regarded as a philanthropic exercise.
3. Policymakers should strengthen social disclosure responsibilities.
4. There should be a yardstick for disclosure of corporate social and environmental activities of companies in Nigeria, especially in quantitative form, as this will improve the credibility of such disclosures amongst others.

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