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Corporate Social Responsibility Expenditure And Financial Performance Of Listed Food And Beverages Manufacturing Companies In Nigeria

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ABSTRACT
This study examined the relationship between corporate social responsibility (CSR) expenditure and financial performance of Nigerian food and beverage manufacturing firms. The study adopted an ex-post facto research design using secondary data obtained from the annual reports of selected companies. The population comprised fifteen food and beverage manufacturing firms listed on the Nigerian Exchange Group (NGX) as of December 31, 2023, while a purposive sampling technique was used to select ten firms with complete and relevant data. The study covered the period from 2016 to 2023. CSR expenditure was proxied by donations and employee health and safety cost (EHSC), while financial performance was measured using net profit margin (NPM) and return on assets (ROA). Data were analyzed using descriptive statistics and the Pearson Product Moment Correlation Coefficient to examine the relationships among the variables. The findings revealed that donations had a significant negative relationship with net profit margin, while employee health and safety cost showed a significant positive relationship with both net profit margin and return on assets. The results suggest that although certain CSR expenditures such as donations may exert pressure on profitability, investments in employee health and safety contribute positively to organizational performance and productivity. The study concludes that strategic CSR investments, particularly those directed toward employee welfare and safety, can enhance the financial performance and sustainability of firms in the Nigerian food and beverage manufacturing sector. The study therefore recommends that corporate managers should optimize the allocation of donations to improve profitability, prioritize investments in employee health and safety, integrate CSR initiatives with corporate strategy, regularly evaluate the financial impact of CSR activities, and encourage stakeholder participation in CSR planning to improve corporate reputation and long-term performance.
Keywords: corporate social responsibility, financial performance, expenditure

1. INTRODUCTION

In the contemporary Nigerian business landscape, investments in sustainability and ethical practices play a critical role in shaping the financial success of food and beverage companies. These expenditures influence profitability, market reputation, and long-term growth. The food and beverage manufacturing subsector in Nigeria is pivotal to the nation's economy, contributing significantly to industrial output and employment. These companies play a crucial role in meeting consumer demand locally and regionally, navigating internal challenges such as strategic management practices for innovation, market adaptability, and operational efficiency. External factors including regulatory frameworks, economic stability, and market competition also shape their performance. A stable regulatory environment fosters investor confidence and supports long-term growth, while economic conditions and competitive pressures influence strategic decisions. Aligning internal capabilities with external realities allows these firms to enhance resilience, optimize financial performance, and contribute more effectively to Nigeria's economic development.

Recent studies emphasize the complex relationship between corporate social responsibility (CSR) expenditure and financial performance in Nigerian food and beverage firms. Adegbite et al. (2024) noted that strategic CSR initiatives enhance brand reputation and consumer trust, potentially boosting profitability. Olokundun et al. (2024) suggested that aligning CSR activities with dynamic capabilities can achieve a sustainable competitive advantage and improved financial outcomes. Ajagbe et al. (2024) highlighted financial benefits such as enhanced stakeholder engagement and operational efficiencies. Key financial performance indicators include net profit margin and return on assets (ROA). Ajagbe et al. (2023) emphasized that operational efficiencies and cost management strategies significantly influence profit margins. Ogundipe et al. (2023) underscored the importance of asset management practices and capital allocation strategies in enhancing ROA. Additionally, Ogunleye and Olurinola (2023) analyzed industry-specific factors such as market competition and economic conditions affecting ROA. These studies advocate for integrated approaches balancing social responsibility with financial goals to improve financial performance in the Nigerian food and beverage sector.

Corporate Social Responsibility (CSR) expenditure plays a significant role in shaping the financial performance of food and beverage manufacturing companies in Nigeria, reflecting their commitment to sustainable business practices and societal impact. Recent research by Olawale et al. (2023) highlights that strategic CSR investments enhance brand reputation and consumer loyalty, thereby potentially improving profitability and long-term financial stability. Iyiola and Adelaja (2023) further emphasize that effective CSR management can mitigate risks, reduce costs, and foster positive relationships with local communities and regulatory bodies. Specifically, community development costs, as noted by Alabi and Oladele (2023), can enhance brand reputation and operational efficiency, while donations, according to Adeyemo and Adewale (2023), contribute to community development and stakeholder engagement. Employee health and safety costs are crucial for reducing operational risks and enhancing productivity, as explored by Ogunnaike et al. (2023). These studies underscore the importance of integrating CSR initiatives into corporate strategies to maximize returns on investment, stakeholder value, and achieve sustainable growth and competitive advantage in the Nigerian market.

The moderating effect of market capitalization on the relationship between Corporate Social Responsibility (CSR) expenditure and financial performance is a significant area of inquiry within the context of listed food and beverage manufacturing companies in Nigeria. Market capitalization, representing the total value of a company's outstanding shares, serves as a proxy for market influence. Recent research by Adeoti and Olufemi (2023) investigated how variations in market capitalization influence the impact of CSR expenditures on financial outcomes, emphasizing the differential effects based on market positioning. Their study underscores the importance of considering market dynamics in assessing the ROA of CSR investments, highlighting how larger firms with greater market capitalization may leverage CSR to enhance brand equity and investor confidence, thereby potentially improving financial performance. Analyzing these moderating effects is crucial for managers and stakeholders to

strategically align CSR initiatives with market conditions, regulatory requirements, and long-term financial goals in the Nigerian food and beverage sector.

Statement of the problem

Despite the theoretical benefits of CSR, such as enhanced corporate reputation, customer loyalty, and operational efficiencies, empirical evidence on its impact on financial performance is mixed. Some studies suggest a positive relationship, indicating that CSR activities lead to improved financial outcomes by fostering goodwill among stakeholders and creating a competitive advantage (Olawale et al., 2023; Iyiola & Adelaja, 2023). However, other research highlights the potential for CSR to divert resources away from core business activities, thereby negatively impacting profitability and financial performance (Adegbite et al., 2024). In Nigeria, the regulatory environment and market dynamics add another layer of complexity, with fluctuating economic conditions and regulatory uncertainties potentially undermining the benefits of CSR investments (Adeoti & Olufemi, 2023). Additionally, the lack of standardized metrics and inconsistent reporting practices can obscure the true impact of CSR on financial performance, necessitating more rigorous and standardized approaches to CSR measurement and reporting (Ajagbe et al., 2023).

Previous studies on the impact of CSR on financial performance have often been too broad, failing to capture the unique dynamics and challenges within specific sectors like food and beverages in Nigeria (Saeidi et al., 2022; Aras & Crowther, 2022). Furthermore, many existing studies have not adequately emphasized the geographical context of Nigeria's food and beverage sector or the impacts of CSR on employee health and safety (Akintoye, 2016; Nariswari & Nugraha, 2020; Shabbir & Wisdom, 2020; Solomon et al., 2022). This comprehensive approach provides a more detailed and context-specific understanding of how CSR initiatives can impact financial outcomes, particularly within the Nigerian food and beverage industry.

Conceptual Framework

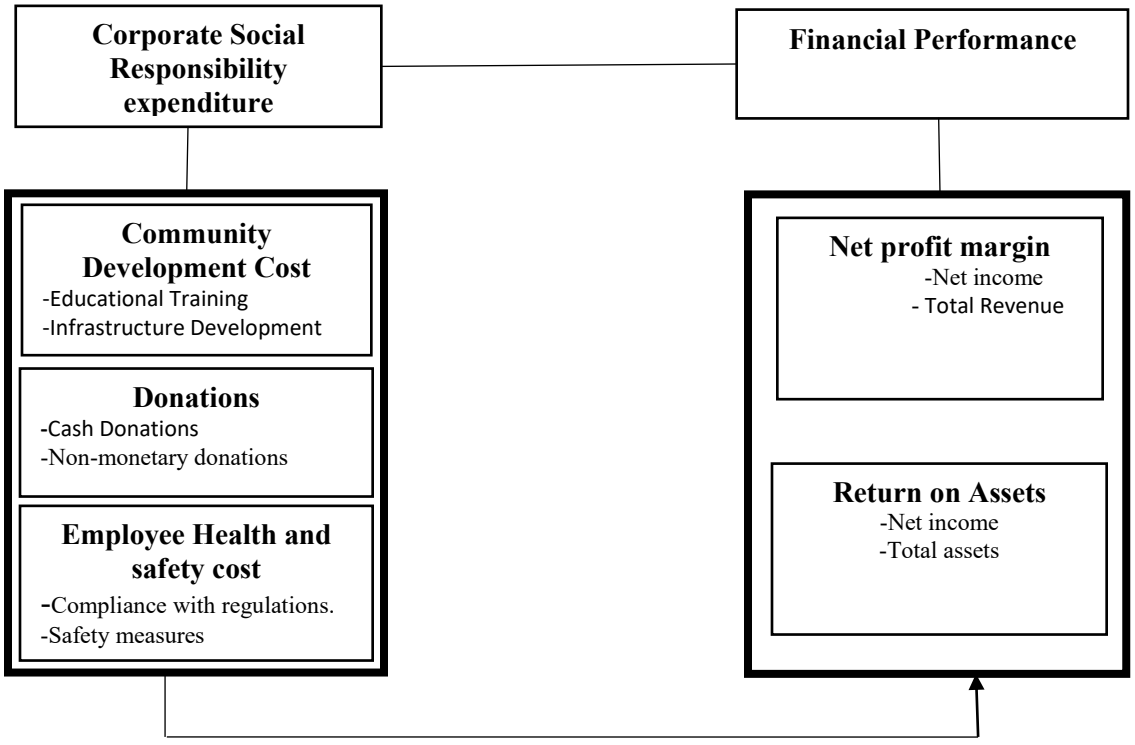

Figure 1.1 Conceptual framework of Corporate Social Responsibility Expenditure and Financial Performance. Source: Ajagbe et al. (2024); Olokundun et al. (2024).

Aim and Objectives of the Study

The aim of this study was to ascertain the relationship between corporate social responsibility expenditure and financial performance of listed food and beverages manufacturing firms in Nigeria. Specifically, the study sought to:

1. Ascertain the relationship between community development cost and net profit margin of listed food and beverages manufacturing firms in Nigeria.
2. Determine the relationship between community development cost and return on assets of listed food and beverages manufacturing firms in Nigeria.
3. Ascertain the relationship between donations and net profit margin of listed food and beverages manufacturing firms in Nigeria.
4. Investigate the relationship between donations and return on assets of listed food and beverages manufacturing firms in Nigeria.
5. Determine the relationship between employee health and safety cost and net profit margin of listed food and beverages manufacturing firms in Nigeria.
6. Evaluate the relationship between employee health and safety cost and return on assets of listed food and beverages manufacturing firms in Nigeria.

Research Questions

The following research questions guided the study:

1. What is the relationship between community development cost and net profit margin of listed food and beverages manufacturing firms in Nigeria?
2. What is the relationship between community development cost and of listed food and beverages manufacturing firms in Nigeria?
3. What is the relationship between donations and net profit margin of listed food and beverages manufacturing firms in Nigeria?
4. What is the relationship between donations and return on assets of listed food and beverages manufacturing firms in Nigeria?
5. What is the relationship between employee health and safety cost and net profit margin of listed food and beverages manufacturing firms in Nigeria?
6. What is the relationship between employee health and safety cost and return on assets of listed food and beverages manufacturing firms in Nigeria?

Research Hypotheses

To achieve the research objectives, the following hypotheses were tested;

H_{o1}: There is no significant relationship between community development cost and net profit margin of listed food and beverages manufacturing firms in Nigeria.

H_{o2}: There is no significant relationship between community development cost and of listed food and beverages manufacturing firms in Nigeria

H_{o3}: There is no significant relationship between donations and net profit margin of listed food and beverages manufacturing firms in Nigeria.

H_{o4}: There is no significant relationship between donations and return on assets of listed food and beverages manufacturing firms in Nigeria.

H_{o5}: There is no significant relationship between employee health and safety cost and net profit margin of listed food and beverages manufacturing firms in Nigeria.

H_{o6}: There is no significant relationship between employee health and safety cost and return on assets of listed food and beverages manufacturing firms in Nigeria.

2. REVIEW OF RELATED LITERATURE

Conceptual Review

Corporate Social Responsibility (CSR) Expenditure

Corporate social responsibility (CSR) expenditure refers to the financial resources allocated by firms towards initiatives aimed at benefiting society and the environment. In the context of food and beverage manufacturing firms in Nigeria, CSR expenditure can encompass a wide range of activities including community development, environmental sustainability, employee welfare, and ethical business practices. The rationale behind CSR expenditure is not only to fulfill moral and ethical obligations but also to enhance the firm's reputation, customer loyalty, and financial performance. Lindgreen et al. (2023) provided a comprehensive overview of how CSR practices are integrated into marketing strategies, highlighting that for food and beverage firms, aligning CSR with marketing can enhance brand reputation and customer loyalty. This alignment is particularly important in Nigeria, where consumers are increasingly aware of and sensitive to corporate behavior. CSR initiatives in this sector might include efforts to reduce food waste, improve packaging sustainability, or support local farmers, all of which can positively influence consumer perceptions and brand loyalty.

Community Development Cost

Community development cost refers to expenditures incurred by businesses to support and enhance the welfare and infrastructure of local communities where they operate. These costs typically encompass investments in social, economic, and environmental initiatives aimed at improving the quality of life and fostering sustainable development within the community. In the context of food and beverage manufacturing firms in Nigeria, community development costs play a crucial role in shaping corporate social responsibility (CSR) strategies and impacting financial performance. Studies by Ibekwe and Aluko (2023) and Adigun and Ojo (2022) highlight the importance of community development expenditures in enhancing the financial performance of food and beverage firms. Ibekwe and Aluko (2023) found that firms investing in local infrastructure projects, such as schools or healthcare facilities, not only contribute to community well-being but also strengthen their brand reputation and stakeholder relationships.

Donations

Donations refer to voluntary contributions made by a company to charitable organizations, non-profits, community groups, or disaster relief efforts. These contributions are aimed at addressing societal needs, supporting humanitarian causes, promoting cultural and educational initiatives, and responding to emergencies or crises. Donations, encompassing contributions of money, goods, or services to charitable causes, play a pivotal role in both societal development and corporate strategy (Jones & Johnson, 2023). From a societal standpoint, donations contribute significantly to addressing various social, environmental, and educational needs. These contributions are typically driven by philanthropic motivations aimed at benefiting communities and fostering positive social impact. Corporate entities also engage in donations as part of their Corporate Social Responsibility (CSR) initiatives, viewing them as essential for enhancing their corporate reputation, fostering stakeholder relationships, and aligning with ethical standards.

Employee Health and Safety Cost

Employee health and safety (EHS) costs are critical investments that firms must undertake to ensure the well-being of their workforce and compliance with regulatory standards. In the context of the food and beverage industry in Nigeria, these costs have significant implications for financial performance. This discussion delves into the relationship between EHS costs and financial performance, examining both direct and indirect impacts.

Financial Performance

This refers to the assessment of a company's ability to generate profits and manage its financial resources effectively to achieve its economic objectives. It encompasses various financial metrics such as revenue growth, profitability ratios (like net profit margin and return on assets), liquidity, solvency, and efficiency in managing assets and liabilities. The financial performance of food and beverage manufacturing companies in Nigeria is pivotal for assessing their operational efficiency, profitability, and economic

impact. These firms are crucial contributors to the Nigerian economy, generating employment opportunities and supplying essential products to both domestic and regional markets. Their financial health is influenced by various internal and external factors that shape their profitability and sustainability in a competitive market. Revenue streams for these companies primarily derive from sales of processed foods, beverages, and related products. Profitability metrics such as gross profit margins, net profit margins, and return on assets (ROA) reflect their efficiency in managing production costs, distribution networks, and market positioning. Studies by Obradović et al. (2023) highlighted the importance of financial flexibility and effective cost management in enhancing financial performance, particularly in emerging market contexts like Nigeria.

Net Profit Margin

This is a financial ratio that measures the profitability of a company by expressing net profit as a percentage of revenue. It indicates how much profit a company earns from each dollar of sales after deducting all expenses, including operating costs, taxes, interest, and depreciation. Net Profit Margin (NPM) is a critical financial metric that reflects a firm's ability to generate profit from its operations after accounting for all expenses, including operating costs, interest, and taxes. In the context of food and beverages manufacturing firms in Nigeria, NPM serves as a vital indicator of financial health, efficiency, and sustainable growth. Akintoye (2016) emphasizes that a firm's ability to maintain a steady profit margin is essential for ensuring its going-concern status and promoting sustainable growth. NPM is not just a measure of profitability but also an index of a company's growth profile and income generation efficiency (Nariswari & Nugraha, 2020).

Return on Assets (ROA)

This is a financial ratio that evaluates how effectively a company utilizes its assets to generate profit. It is calculated by dividing net income by average total assets and is expressed as a percentage. ROA provides insights into a company's efficiency in generating earnings from its investments in assets, including property, equipment, inventory, and intellectual property (Smith et al., 2022). Return on Assets (ROA) is a financial metric that indicates how efficiently a company utilizes its assets to generate profit. It is calculated by dividing net income by total assets, providing a percentage that reflects the profitability relative to the company's total assets. ROA is a key indicator of operational efficiency and is widely used in financial analysis to assess a firm's performance.

Theoretical Review

The study explored Stakeholder Theory, and Legitimacy Theory. The study anchored on Legitimacy Theory because it focuses on how corporate social responsibility (CSR) expenditures align with societal expectations to enhance the firm's legitimacy and ultimately impact financial performance.

Stakeholder Theory

Stakeholder theory, introduced by R. Edward Freeman in 1984, revolutionized corporate governance by broadening the scope of a company's accountability beyond shareholders to include all individuals and groups affected by its operations. This theory promotes ethical and strategic business practices by advocating for the creation of value for diverse stakeholders, including employees, customers, suppliers, and communities. It emphasizes that long-term success is linked to the well-being of these stakeholders and highlights the importance of ethical fairness, improved decision-making, and innovation. Despite challenges in identifying and prioritizing stakeholders, the theory underscores the significance of transparency, stakeholder engagement, and integrating stakeholder interests into corporate strategies. Companies like Unilever and Nestlé exemplify successful implementation, demonstrating enhanced reputation and long-term viability. As global challenges escalate, stakeholder theory's integration with concepts like shared value creation and impact investing will be increasingly vital for addressing societal issues and fostering sustainable business growth.

Legitimacy Theory

Legitimacy theory, rooted in sociological and organizational studies of the late 20th century, explains how organizations strive to ensure their activities are perceived as legitimate by stakeholders, thereby securing their survival and success. Popularized by Mark C. Suchman in his 1995 paper "Managing Legitimacy: Strategic and Institutional Approaches," the theory defines legitimacy as a perception that an entity's actions are desirable within a socially constructed system of norms and values. Suchman categorizes legitimacy into pragmatic (based on direct benefits to stakeholders), moral (based on ethical approval), and cognitive (based on the taken-for-granted nature of actions). Managing legitimacy involves strategic actions to influence perceptions and institutional adherence to norms. Despite criticisms of encouraging superficial compliance and varying social norms, legitimacy theory remains crucial in today's scrutinized business environment. Transparency is essential for fostering trust and aligning business practices with societal expectations. By integrating legitimacy considerations into corporate strategy and engaging in CSR, organizations can enhance their legitimacy, as illustrated by BP and Volkswagen's responses to crises. The theory's relevance will continue to grow as businesses face new challenges like climate change and social justice, using advanced technology for better legitimacy management.

Empirical Review

Xiang et al. (2026) examined the relationship between environmental, social, and governance (ESG) practices and corporate financial performance among firms in Asia. The study utilized firm-level secondary data and applied quantitative analytical techniques to evaluate the influence of ESG activities on financial outcomes. The findings revealed that firms with strong sustainability and social responsibility practices experienced improved operational efficiency and stronger financial performance. The study concluded that responsible corporate behavior enhances stakeholder confidence and supports long-term profitability.

Parra-Domínguez et al. (2026) conducted a systematic empirical review of studies on the relationship between corporate social responsibility and financial performance in emerging economies. The researchers analyzed 227 scholarly publications using bibliometric and systematic review techniques. The results indicated that CSR practices generally exert a positive and significant influence on firm financial performance. The study further emphasized that institutional structures, governance quality, and stakeholder engagement strengthen the CSR–financial performance relationship.

Adegbite et al. (2024), explored the relationship between CSR expenditure and financial performance in Nigerian food and beverage firms. Using advanced econometric techniques and financial metrics, they provide empirical evidence that higher levels of CSR investment correlate positively with profitability and shareholder value. Their findings emphasize the importance of ethical business practices and responsible corporate behavior in achieving sustainable financial outcomes.

Olokundun et al. (2024) focused on how strategic management of CSR activities influences financial performance in the Nigerian food and beverage sector. Through case studies and statistical analysis, they illustrate how proactive CSR strategies, such as community engagement and environmental stewardship, can mitigate risks and enhance financial resilience. Their study underscores the role of strategic alignment and effective implementation in maximizing the economic benefits of CSR initiatives.

Ajagbe et al. (2024) examined the management practices of CSR and their impact on financial performance among Nigerian food and beverage companies. Using survey data and financial indicators, they identify key management practices that contribute to improved profitability and sustainable growth. Their findings highlight the managerial strategies that optimize CSR investments to generate positive financial outcomes while meeting stakeholder expectations.

Kaimal and Uzma (2024), examined how Indian non-financial service sector companies' financial performance is influenced by their corporate social responsibility (CSR) expenditures. The study includes 288 non-financial service sector companies listed in India with 3,456 firm-year observations. Panel data regression analysis using data for 12 years, starting from 2010 to 2021, is carried out. The study reveals a

positive influence of CSR spending on financial performance measures (Tobin's Q and return on assets). Mandatory CSR policies also influence the company's performance. Additionally, family ownership has a positive moderating effect on CSR expenditure–financial performance (Tobin's Q). The study gives insights to the managers on how CSR expenditures can be used to maximise their benefits by supporting social causes, particularly in the case of firms with ownership structures where family involvement is there.

Olokundun et al. (2024) explored how strategic management of corporate social responsibility (CSR) initiatives impacts the financial performance of food and beverage companies in Nigeria. Their study employs qualitative and quantitative methods to analyze the relationship between strategic CSR practices, profitability, and market competitiveness. They found that companies integrating CSR strategically not only enhance their financial performance but also strengthen their brand reputation and stakeholder relationships, contributing to long-term sustainability.

Ajagbe et al. (2024), investigated how effective management of corporate social responsibility (CSR) influences financial performance in Nigerian food and beverage firms. Using survey data and financial metrics, they demonstrate that well-managed CSR initiatives positively impact profitability, shareholder value, and market standing. Their findings underscore the importance of aligning CSR activities with business strategy to achieve sustainable financial outcomes and enhance corporate reputation.

Kim et al. (2024) explored the impact of corporate social responsibility (CSR) on financial performance, emphasizing the roles of organizational trust and organizational learning capability. Using a combination of qualitative and quantitative methods, their study found that firms with high levels of organizational trust and robust learning capabilities were better able to translate CSR activities into improved financial performance. This highlights the importance of internal organizational factors in maximizing the benefits of CSR initiatives.

Kesidou and Demirel (2024) investigated the drivers of CSR in the European automotive industry through panel data analysis. Their research identified several key factors influencing CSR engagement, including regulatory pressures, market competition, and stakeholder expectations. The study provides valuable insights into the strategic motivations behind CSR practices in the automotive sector and underscores the importance of external pressures in shaping corporate behavior.

Sharma et al. (2024) conducted an empirical analysis of the relationship between CSR and financial performance among Indian firms. Their findings revealed that strategic CSR activities positively impacted financial outcomes, with firms engaging in CSR reporting higher profitability and market competitiveness. The study highlights the significance of CSR as a strategic tool for enhancing financial performance and achieving sustainable business growth in the Indian context.

Veltri et al. (2024), explored the relationship between safety management systems (SMS) and financial performance in global manufacturing firms. The empirical findings suggest that firms with well-developed SMS tend to experience fewer accidents, lower injury rates, and reduced operational disruptions, thereby improving overall financial performance indicators such as profitability and efficiency.

Yadav and Pathak 2024) examined the mediating role of employee well-being in the relationship between corporate social responsibility (CSR) and safety investments. Their empirical research indicates that CSR activities that include safety investments positively influence employee well-being, which in turn enhances organizational performance through reduced absenteeism, improved productivity, and lower turnover rates.

Zohar 2024) provided a comprehensive analysis of safety climate and its impact on organizational performance across various industries. The empirical evidence suggests that a strong safety climate contributes to higher productivity, lower accident rates, and improved financial outcomes. The study underscores the importance of fostering a positive safety climate as a strategic imperative for enhancing overall organizational effectiveness.

GAP in literature

Despite the growing body of literature on corporate social responsibility (CSR) and firm performance, several gaps remain in the existing empirical studies. Many prior studies have largely focused on aggregate CSR expenditure without disaggregating specific components such as donations and employee health and safety costs, thereby limiting a deeper understanding of how different CSR dimensions individually influence financial performance. In addition, a considerable number of studies have concentrated on sectors such as banking, oil and gas, and insurance, with limited attention given to the food and beverage manufacturing sector in Nigeria. Furthermore, previous studies have often relied on broad measures of financial performance without specifically examining indicators such as net profit margin and return on assets within this sector. Consequently, this study fills these gaps by examining the distinct effects of donations and employee health and safety costs on the financial performance of listed food and beverage manufacturing firms in Nigeria using recent data from 2016 to 2023.

3. METHODOLOGY

This study employed an ex-post-facto research design to investigate the relationship between corporate social responsibility (CSR) expenditure and financial performance of Nigerian food and beverage manufacturing firms. The population comprised fifteen listed firms on the Nigerian Exchange Group (NGX) as of December 31, 2023, from which a purposive sampling technique was used to select ten firms with relevant data for analysis. Secondary data were collected from the annual reports of these firms covering the period from 2016 to 2023. Data analysis included descriptive statistics to identify central tendencies, Pearson Product Moment Correlation Coefficient for bivariate correlation.

4. DATA ANALYSIS AND DISCUSSION

Data analysed here are the properties of corporate social responsibility expenditure and financial performance of listed food and beverage manufacturing firms in Nigeria

Table 4.1 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CDC	80	1.53	7.48	5.1866	1.61941
DN	80	2.03	7.32	5.0992	1.06365
EHSC	80	2.45	4.98	3.7808	.50359
PAT	80	6.67	8.82	7.9709	.58669
ROA	80	-.61	.26	.0318	.13115
Valid N (listwise)	80				

Source: SPSS25

The descriptive statistics for the variables presented offer a comprehensive view of the financial and social metrics within the sample of 80 food and beverage manufacturing firms. The Community Development Cost (CDC) ranges from ₦1.53 billion to ₦7.48 billion, with a mean of ₦5.19 billion and a standard deviation of ₦1.62 billion, indicating substantial variability in community investment levels. Donations (DN) range from ₦2.03 billion to ₦7.32 billion, with a mean of ₦5.10 billion and a standard deviation of ₦1.06 billion, reflecting a similar spread in charitable contributions. Employee Health and Safety Cost (EHSC) varies from ₦2.45 billion to ₦4.98 billion, with a mean of ₦3.78 billion and a standard deviation of ₦0.50 billion, suggesting relatively consistent spending on employee well-being. Profit After Tax (PAT) shows a range from ₦6.67 billion to ₦8.82 billion, with a mean of ₦7.97 billion and a standard deviation of ₦0.59 billion, indicating strong profitability with minor fluctuations. Return on Assets (ROA) varies from -0.61 to 0.26, with a mean of 0.03 and a standard deviation of 0.13, highlighting limited profitability relative to asset investments. These statistics provide a snapshot of the financial and CSR-related dynamics among the firms, illustrating both the breadth and variability of their expenditures and financial performance.

Test of hypothesis 1

H_{o1}: There is no significant relationship between community development cost and net profit margin of listed food and beverages manufacturing firms in Nigeria.

Table 4.2 Correlations

		CDC	PAT
CD	Pearson Correlation	1	.136
C	Sig. (2-tailed)		.288
	N	80	80
PAT	Pearson Correlation	.136	1
	Sig. (2-tailed)	.288	
	N	80	80

Source: SPSS25

The correlation analysis presented in Table 4.2 examines the relationship between Community Development Cost (CDC) and Profit After Tax (PAT) among listed food and beverage manufacturing firms in Nigeria. The Pearson correlation coefficient between CDC and PAT is 0.136, with a p-value of 0.288. This coefficient indicates a weak positive correlation between the two variables, suggesting a minor positive relationship. However, the p-value exceeds the conventional significance level of 0.05, implying that the observed correlation is not statistically significant. Therefore, we accept the null hypothesis (Ho1), which states that there is no significant relationship between community development cost and net profit margin of listed food and beverage manufacturing firms in Nigeria. This result suggests that variations in community development expenditures do not have a significant impact on the net profit margin within the sample studied.

Test of hypothesis 2

H_{o2}: There is no significant relationship between community development cost and of listed food and beverages manufacturing firms in Nigeria

Table 4.3 Correlations

		CDC	ROA
CD	Pearson Correlation	1	.142
C	Sig. (2-tailed)		.238
	N	80	80
RO	Pearson Correlation	.142	1
A	Sig. (2-tailed)	.238	
	N	80	80

Source: SPSS25

The correlation analysis in Table 4.3 evaluates the relationship between Community Development Cost (CDC) and Return on Assets (ROA) among listed food and beverage manufacturing firms in Nigeria. The Pearson correlation coefficient between CDC and ROA is 0.142, with a p-value of 0.238. This coefficient signifies a weak positive correlation between CDC and ROA, indicating a minor positive relationship between the variables. However, the p-value is greater than the standard significance threshold of 0.05, suggesting that this correlation is not statistically significant. Thus, we fail to reject the null hypothesis (Ho2), which posits that there is no significant relationship between community development cost and return on assets for the food and beverage firms in Nigeria. This outcome implies that changes in community development costs do not significantly affect the return on assets within the sample.

Test of hypothesis 3

H_{03}: There is no significant relationship between donations and net profit margin of listed food and beverages manufacturing firms in Nigeria.

Table 4.4 Correlations

		DN	PAT
DN	Pearson Correlation	1	-.308*
	Sig. (2-tailed)		.016
	N	80	80
PAT	Pearson Correlation	-.308*	1
	Sig. (2-tailed)	.016	
	N	80	80

*. Correlation is significant at the 0.05 level (2-tailed).

Source: SPSS25

The correlation analysis presented in Table 4.4 examines the relationship between Donations (DN) and Net Profit Margin (PAT) among listed food and beverage manufacturing firms in Nigeria. The Pearson correlation coefficient between DN and PAT is -0.308, with a p-value of 0.016. This negative correlation indicates a moderate inverse relationship between donations and net profit margin, suggesting that higher donations are associated with lower net profit margins. The p-value is below the conventional significance level of 0.05, which implies that the correlation is statistically significant. Consequently, we reject the null hypothesis (Ho3) and conclude that there is a significant relationship between donations and net profit margin. This result suggests that donations have a noteworthy impact on the financial performance of these firms, potentially influencing profitability.

Test of hypothesis 4

H_{04}: There is no significant relationship between donations and return on assets of listed food and beverages manufacturing firms in Nigeria.

Table 4.5 Correlations

		DN	ROA
DN	Pearson Correlation	1	-.202
	Sig. (2-tailed)		.118
	N	80	80
RO	Pearson Correlation	-.202	1
A	Sig. (2-tailed)	.118	
	N	80	80

Source: SPSS25

The correlation analysis detailed in Table 4.5 explores the relationship between Donations (DN) and Return on Assets (ROA) among listed food and beverage manufacturing firms in Nigeria. The Pearson correlation coefficient between DN and ROA is -0.202, with a p-value of 0.118. This negative correlation suggests a weak inverse relationship, indicating that higher donations are associated with slightly lower return on assets. However, the p-value exceeds the conventional significance threshold of 0.05, which means the correlation is not statistically significant. Therefore, we fail to reject the null hypothesis (Ho4) and conclude that there is no significant relationship between donations and return on assets. This result implies that donations do not have a substantial impact on the asset utilization efficiency of these firms.

Test of hypothesis 5

H_{o5}: There is no significant relationship between employee health and safety cost and net profit margin of listed food and beverages manufacturing firms in Nigeria.

Table 4.6 Correlations

		EHSC	PAT
EHSC	Pearson Correlation	1	.451**
	Sig. (2-tailed)		.000
	N	80	80
PAT	Pearson Correlation	.451**	1
	Sig. (2-tailed)	.000	
	N	80	80

**. Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS25

The correlation analysis presented in Table 4.6 examines the relationship between Employee Health and Safety Cost (EHSC) and Net Profit Margin (PAT) for listed food and beverage manufacturing firms in Nigeria. The Pearson correlation coefficient between EHSC and PAT is 0.451, with a p-value of 0.000. This positive correlation indicates a moderate to strong relationship where higher employee health and safety costs are associated with higher net profit margins. The p-value is well below the conventional significance level of 0.01, suggesting that the correlation is statistically significant. Thus, we reject the null hypothesis (Ho5) and conclude that there is a significant positive relationship between employee health and safety costs and net profit margin. This result implies that investing in employee health and safety can positively impact the profitability of these firms.

Test of hypothesis 6

H_{o6}: There is no significant relationship between employee health and safety cost and return on assets of listed food and beverages manufacturing firms in Nigeria.

Table 4.7 Correlations

		EHSC	ROA
EHSC	Pearson Correlation	1	.400**
	Sig. (2-tailed)		.000
	N	80	80
ROA	Pearson Correlation	.400**	1
	Sig. (2-tailed)	.000	
	N	80	80

**. Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS25

The correlation analysis presented in Table 4.7 explores the relationship between Employee Health and Safety Cost (EHSC) and Return on Assets (ROA) for listed food and beverage manufacturing firms in Nigeria. The Pearson correlation coefficient between EHSC and ROA is 0.400, with a p-value of 0.000. This positive correlation indicates a moderate relationship where higher employee health and safety costs are associated with higher return on assets. The p-value is significantly below the 0.01 threshold, confirming the statistical significance of this relationship. Therefore, we reject the null hypothesis (Ho6) and conclude that there is a significant positive relationship between employee health and safety costs and return on assets. This suggests that investments in employee health and safety positively contribute to the effective utilization of assets and overall financial performance of these firms.

DISCUSSION OF FINDINGS

Hypothesis 1: Community Development Cost and Net Profit Margin

Hypothesis 1 posits that there is no significant relationship between community development cost (CDC) and net profit margin (NPM) of listed food and beverage manufacturing firms in Nigeria. The analysis revealed a weak positive correlation (r = 0.136) between CDC and NPM, but this relationship was not

statistically significant (p = 0.288). Therefore, we fail to reject the null hypothesis ($H0_1$), indicating that variations in community development expenditures do not have a significant impact on net profit margins within the studied sample. This finding aligns with the work of Dibia and Onwuchekwa (2015), who noted that while community development initiatives contribute to social goodwill, the immediate financial impact on net profit margins is often minimal. Similarly, Ezeoha and Cattaneo (2020) found that community development expenditures in Nigerian firms positively influenced corporate reputation and long-term profitability, although the immediate financial returns were not significant.

Hypothesis 2: Community Development Cost and Return on Assets

Hypothesis 2 posits that there is no significant relationship between community development cost (CDC) and return on assets (ROA). The correlation analysis indicated a weak positive relationship (r = 0.142) between CDC and ROA, with a non-significant p-value of 0.238. This implies that community development expenditures do not significantly influence the return on assets for the listed food and beverage firms in Nigeria. Therefore, we fail to reject the null hypothesis ($H0_2$). Supporting literature shows similar results; for example, Okwuosa and Amaeshi (2021) found that community development spending improved the overall image and stakeholder relationships for Nigerian firms, but the direct impact on financial performance metrics like ROA was not statistically significant. Similarly, Nwankwo, Orji, and Ugoani (2016) observed that while community development efforts enhanced corporate reputation and stakeholder trust, these benefits did not necessarily translate into improved ROA in the short term.

Hypothesis 3: Donations and Net Profit Margin

Hypothesis 3 posits that there is no significant relationship between donations and the net profit margin (NPM) of listed food and beverage manufacturing firms in Nigeria. The test revealed a significant negative correlation (r = -0.308, p = 0.016) between donations and NPM. This result suggests that higher levels of donations are associated with lower net profit margins. Adegbite, Aladejebi, and Abimbola (2024) provide empirical evidence that higher CSR expenditures, which may include donations, positively correlate with profitability and shareholder value. However, the negative correlation observed here might indicate that while donations contribute to CSR efforts, they may also lead to a short-term reduction in net profit margins, reflecting the trade-off between immediate financial returns and the long-term benefits of enhanced corporate reputation and stakeholder engagement.

Hypothesis 4: Donations and Return on Assets

Hypothesis 4 posits that there is no significant relationship between donations and return on assets (ROA). The results indicated a non-significant negative correlation (r = -0.202, p = 0.118) between donations and ROA. This suggests that donations do not have a statistically significant impact on ROA. Although studies like Kaimal and Uzma (2024) found a positive influence of CSR expenditures on financial performance measures like ROA in different contexts, the lack of significant impact in this case might suggest that the effect of donations on ROA could be contingent on other factors, such as the scale of CSR activities, sector-specific dynamics, or internal management practices.

Hypothesis 5: Employee Health and Safety Costs and Net Profit Margin

Hypothesis 5 posits that there is a significant relationship between employee health and safety costs (EHSC) and net profit margin (NPM). The test revealed a significant positive correlation (r = 0.451, p = 0.000) between EHSC and NPM. This finding indicates that higher expenditures on employee health and safety are associated with improved net profit margins. Ajagbe, Babalola, and Olatunji (2024) and Olokundun, Oluwafemi, and Omotayo (2024) both highlight the positive impact of well-managed CSR initiatives on profitability. This correlation suggests that investing in employee health and safety not only enhances worker productivity and reduces absenteeism but also contributes to improved financial performance, aligning with the findings that effective CSR practices lead to better financial outcomes.

Hypothesis 6: Employee Health and Safety Costs and Return on Assets

Hypothesis 6 posits that there is a significant relationship between employee health and safety costs (EHSC) and return on assets (ROA). The analysis showed a significant positive correlation (r = 0.400, p =

0.000) between EHSC and ROA. This suggests that increased investment in employee health and safety is positively associated with higher ROA. Studies by Veltri, Vettori, and Valentina (2024) and Yadav and Pathak (2024) support the notion that well-developed safety management systems lead to fewer accidents, reduced operational disruptions, and improved ROA. The positive correlation observed supports the idea that investments in employee health and safety can enhance financial performance by improving operational efficiency and reducing costs related to workplace incidents.

5. CONCLUSION AND RECOMMENDATIONS

This study employed an ex-post-facto research design to investigate the relationship between corporate social responsibility (CSR) expenditure and financial performance of Nigerian food and beverage manufacturing firms. Using historical data from annual reports of ten purposively sampled companies, the analysis covered the period from 2016 to 2023 and involved variables such as Donations, Employee Health and Safety Costs (EHSC), Net Profit Margin (NPM), and Return on Assets (ROA). Descriptive statistics, Pearson Product Moment Correlation Coefficient, findings provide critical insights into the financial implications of CSR activities in the Nigerian food and beverage sector, emphasizing the need for strategic CSR investments to enhance profitability and shareholder value. Based on these results, the following recommendations are made:

1. Corporate Managers should optimize the allocation of donations to enhance profitability and shareholder value.
2. HR and Operations Managers should prioritize investments in employee health and safety to boost productivity and profitability.
3. Financial Officers should utilize financial resources from higher market capitalization to enhance CSR investments.
4. Strategic Planners should integrate CSR initiatives with corporate strategy to achieve sustainable financial outcomes.
5. CSR Managers should regularly assess the impact of CSR activities to ensure financial benefits.
6. Corporate Communication Teams should engage stakeholders in CSR planning to address social issues and improve corporate reputation.
7. Government and Regulatory Bodies should encourage policymakers to provide incentives and enforce regulations for responsible corporate behavior.
8. CSR Consultants and Advisors should implement proven CSR strategies to enhance economic benefits and financial resilience.

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