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CORPORATE SOCIAL RESPONSIBILITY AND FINANCIAL PERFORMANCE OF QUOTED OIL AND GAS COMPANIES IN NIGERIA.

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Abstract

This study examines the impact of Corporate Social Responsibility (CSR) on the financial performance of quoted oil and gas companies in Nigeria, with a particular focus on the roles of Ethical Social Responsibility (ETSR) and Economic Social Responsibility (ECSR). Using data from ten oil and gas firms listed on the Nigerian Stock Exchange for the period 2013 to 2023, the study employs Pooled Ordinary Least Squares (POLS) and Ordinary Least Squares (OLS) regression analyses to assess the relationship between CSR dimensions and financial performance, measured by Profit After Tax (PAT). The results revealed that ECSR has a significant positive impact on both PAT. ETSR, however, shows a marginally significant negative relationship with PAT, suggesting that while it may enhance long-term sustainability, it could reduce short-term profitability. The findings underscore the importance of prioritizing economic responsibilities while strategically managing ethical obligations to achieve a balance between short-term financial gains and long-term sustainability. The study concludes with recommendations for oil and gas companies to optimize their CSR strategies and leverage firm-specific characteristics to enhance overall financial performance.

Key Words: Corporate Social Responsibility; Financial Performance; Ethical Social Responsibility; Economic Social Responsibility; Profit After Tax

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Introduction

Some companies have started to include CSR into their overall operations. This is especially true in industries like oil and gas, which have a big impact on both society and the environment (Robins, 2011). Businesses that practise corporate social responsibility (CSR) work to enhance not just their bottom line but also the communities and ecosystems in which they operate. Publicly listed oil and gas companies in Nigeria have a significant influence on the lives of Nigerians and the environment; as a result, CSR efforts by these companies are crucial (Ebeide, 2016).

Profitability, return on assets, return on equity, and profits per share are common financial indicators utilised to evaluate the success of oil and gas companies (Maina & Oluoch, 2018). Financial performance is affected by a number of factors, including the capital-intensive structure of the business, operational dangers, and the uncertain worldwide price of oil. Listed oil and gas companies in Nigeria are vulnerable to social and political unrest, regulatory shifts, and regional economic conditions, all of which affect their bottom lines. Understanding the complex context is essential for all stakeholders, including investors, regulators, and community members, when it comes to the link between CSR programs and financial outcomes. Globally, more and more stakeholders and investors are prioritising sustainability and ESG (Environmental, Social, and Governance) considerations. The importance of ethical business practices and the need for strong, long-term firm plans have been highlighted by the COVID-19 pandemic, according to KPMG (2020). In Nigeria, CSR projects that benefit local communities and advance sustainable development are gaining popularity.

In Nigeria's oil and gas sector, studies examining the link between CSR and financial results have yielded conflicting conclusions. Some research suggests that CSR programs may improve financial performance by strengthening stakeholder connections and the company's reputation (Nwagbara & Brown, 2014). Since previous studies have shown that the substantial costs of CSR initiatives do not always translate into immediate financial gains, Uadiale and Fagbemi (2012) stress the significance of keeping an eye on the big picture. The financial effect of corporate social responsibility (CSR) efforts is magnified by the substantial expenditures made by prominent corporations in this area. If they are obligated to pay for this, their financial performance can suffer. A company's financial performance may be defined as the monetary results of its policies and actions. Return on invested capital, net profit margin, asset turnover, ROCE, ROE, price-to-earnings ratio, and gross profit margin are some measures that may be used to measure this.

There are many moving parts when it comes to CSR and profitability in Nigeria's oil and gas sector. There are a lot of factors, including regulatory mandates, public sentiment, and company objectives, that determine how much of an impact corporate social responsibility (CSR) programs have on improving financial performance. By examining the connection between CSR activities and the financial performance of publicly listed Nigerian oil and gas companies, this research aims to contribute to the ongoing discussion.

Statement of the Problem

Oil and gas corporations have prioritised studying the correlation between CSR and financial performance due to their disproportionate influence on both society and the environment. The oil and gas business has far-reaching consequences for Nigeria's environment, culture, and economy, making this connection all the more important (Akinleye & Faustina. 2017). Concerns among stakeholders and legislators stem from the lack of clarity and consistency in

the data showing whether CSR initiatives carried out by publicly traded Nigerian oil and gas corporations improved financial results.

Environmental degradation, social unrest, and community concerns, particularly in the Niger Delta area, are mostly attributed to Nigeria's oil and gas sector, according to Osuagwu and Obialor (2021). To address these issues and promote sustainable development, large-scale CSR projects are required (Long et al., 2020). The subject of whether CSR initiatives actually improve financial results persists, despite the massive funding they get. Corporate social responsibility (CSR) initiatives boost financial results, stakeholder trust, and brand image, according to Orlitzky et al. (2003), who cite previous research. On the other hand, research by Friedman (1970) and Barnett and Salomon (2012) indicates that CSR initiatives can be expensive and may not provide immediate returns, if any. This difficulty is becoming much more complex due to the regulatory climate in Nigeria. Oil and gas businesses are being pushed to implement strong CSR practices by laws like the Petroleum Industry Act (PIA) and the Nigerian Extractive Industries Transparency Initiative (NEITI) (Aigboduwa & Oisamoje, 2013). Companies' execution and enforcement of CSR activities nevertheless vary greatly, even with these principles, resulting in variable outcomes.

The CSR-financial success link in Nigeria is further complicated by community expectations and sociopolitical situations. In order to make up for the economic, social, and environmental harm that the oil and gas industries inflict, communities impacted by these industries frequently pursue large corporate social responsibility (CSR) investments (Nwagbara & Brown, 2014). Financial performance can take a hit if these expectations aren't met, as it can cause conflicts, operational interruptions, and reputational loss. However, corporate social responsibility (CSR) programs that successfully address local needs may boost a company's public image and operational efficiency, which in turn can increase revenues.

With all these moving parts, it's crucial to look at the CSR programs of publicly traded Nigerian oil and gas firms and how they affect their bottom lines.

Aim and Objectives of the Study

This study aims to investigate the relationship between corporate social responsibility and the financial performance of quoted oil and gas companies in Nigeria. The specific objectives are to:

i. Ascertain the relationship between ethical social responsibility and profit after tax.

ii. Evaluate the relationship between economic social responsibility and profit after tax.

Research Hypotheses

HO_1: Ethical social responsibility has no significant effect on profit after tax.

HO_2: Economic social responsibility has no significant effect on profit after tax.

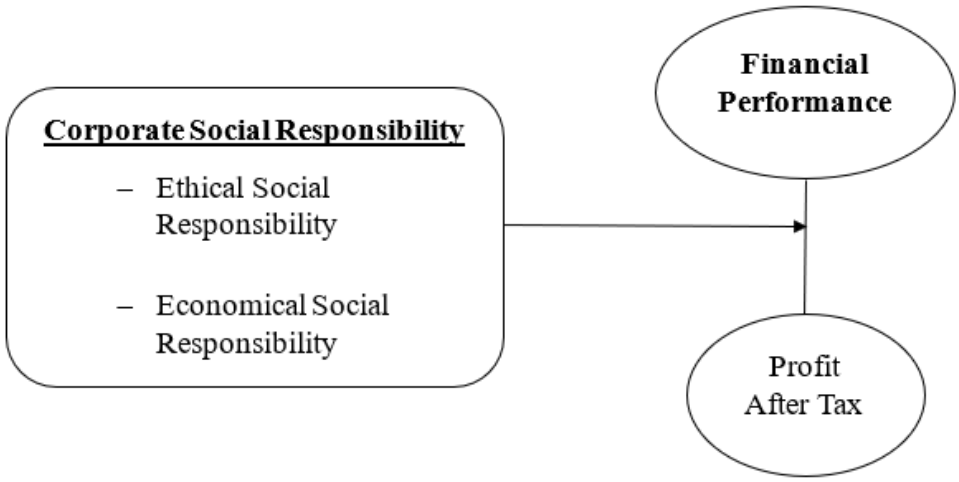


Figure: *Conceptual framework of the relationship between corporate social responsibility and financial performance of oil and gas companies in Nigeria.*

Concept of Corporate Social Responsibility (CSR)

According to Adeyanju (2012), CSR refers to the moral value of a company's actions in relation to its stakeholders, including the general public, local communities, and the natural environment. Simultaneously, corporate social responsibility (CSR) was described by McOliver and Yomere (2009) as an organisational goal whose primary objective is to have a beneficial influence on society through financial donations or other types of service. Businesses have far-reaching consequences for many groups and individuals due to their operations (Sendil, 2015). These groups and individuals include shareholders, governments, investors, business partners, competitors, communities, the environment, customers, and employees. A company's decisions may have far-reaching consequences for not just their own but also society's and, ultimately, the planet's prosperity. It has been claimed that the state of Qatar has lately prioritised corporate social responsibility (CSR) activities in response to many concerns such as sustainable development, globalisation, governance, the impact of the business sector, communications, finances, and ethics (Kirat, 2015). Problems associated with sustainable business have been brought to light by the growing awareness that the actions of many companies may have negative effects on future ecosystems, communities, and the environment (Erhinyoja & Marcella, 2019). Businesses need to expand their reporting and policies to include environmental considerations and the promotion of sustainable operations if they want to meet the demands of stakeholders now and in the future.

Ethical Social Responsibility

Moral obligation takes precedence due to the gravity of the possible harm to local communities and the environment. Ethical practices in this industry include things like fair labour practices, working with the community, being transparent with reporting, and managing the environment responsibly. The oil and gas business is heavily scrutinised due to its significant role in the economy. Public trust in these businesses depends on their demonstrated dedication to doing the right thing ethically. There are several moral issues associated with Nigeria's oil and gas industry, including pollution, human rights violations, bribery, and social conflicts. The majority of Nigeria's oil is extracted from the Niger Delta region, which has catastrophic environmental and public health consequences due to pollution (Osuagwu & Obialor, 2021). Unethical practices, such as not compensating locals enough for land acquisition or doing enough to reduce environmental damage, have contributed to escalating tensions between oil companies and the local population.

Here, the effectiveness with which oil and gas companies handle such ethical challenges is a key indicator of the CSR initiatives' relevance to ethical responsibility. The degree to which the local community is involved in decision-making, the transparency of financial and operational records, the fairness of labour procedures, and the amount of effort put into conserving the environment are all crucial indicators. Customers are more satisfied, operational risks are lower, and profits are higher for businesses that excel in these areas.

Economics Responsibility

An essential proxy for measuring CSR in Nigeria's gas and oil industry is economic responsibility. For a business to be socially responsible, its economic actions must be beneficial to all parties involved, including shareholders, workers, local communities, and the overall economy. Businesses that make economic responsibility a priority see an uptick in profits and an improvement in public perception, according to recent studies. Despite the challenges posed by fluctuating oil prices, complex laws, and socio-political instability, there is a tremendous opportunity to enhance economic responsibility through strengthened governance frameworks, capacity-building initiatives, and strategic alliances. By making economic responsibility a priority, oil and gas companies in Nigeria may improve their CSR initiatives, contribute to sustainable development, and increase profits. Companies have a responsibility to their shareholders to maximise their wealth by rising financial measures like earnings per share.

Profits per share (EPS) are a common metric for evaluating a company's social and environmental responsibilities. This metric illustrates the monetary output of the company per share of stock. Financial statements' earnings per share can serve as a reliable signal to investors in accordance with signalling theory (Khairudin & Wandita, 2017). Research indicates that profits per share significantly affect stock price (Adi et al., 2013). Standing out from the crowd is easy for a company when it delivers an honest assessment of the state of the capital market. Share price and volume data that shows an up or down trend could be used for decision-making (Suwardjono, 2011). Odoemelam et al. (2019) stated that earnings per share (EPS) is an important indicator of a company's profitability and a tool for evaluating equity enterprises listed on public markets.

Concept of Financial Performance

The initial stage in creating a framework for assessing company performance using stakeholder theory is to identify the stakeholders and determine the set of performance outcomes that measure their satisfaction (Freeman, 1984). Stakeholder satisfaction provides a valuable lens through which to evaluate a company's performance in seven dimensions: growth, profitability, market value, customer happiness, staff happiness, social performance, and environmental performance. Financial performance, namely profitability, will be the main emphasis of this evaluation. Still, every company's management should have profit maximisation as their primary objective (Bobakova, 2003). One measure of a business's financial stability is its ability to generate profits. The sum that remains after subtracting all expenses directly associated with generating a profit is known as a profit. Money coming into your firm or good things happening as a result of your company's efforts are two more possible definitions of the phrase. There are two approaches to determine if a business will be profitable: one is to do a feasibility study before the launch, and the other is to monitor the financial performance after the debut. Another way to look at profitability is as the probability of a project's monetary success from a business perspective. The primary goal of business owners is to make a profit. One metric for this is the price-to-earnings ratio. A company is considered profitable if its income is more than its expenditures (Ajanthan,

2013). It is usual practice to utilise profitability ratios when assessing a company's management's capacity to turn revenues into profit.

"Firm performance" is being used as the last dependent variable in an increasing amount of research on strategic management. Although the concept appears often in academic literature, there is still no consensus on how to define it or measure it. In the absence of a generally accepted operational definition, some academics have proposed alternative definitions of company performance (Taouab & Issor, 2019). In this context, "performance" refers to carrying out an endeavour to its conclusion. It encompasses a wide variety of occupations, from selling computers to constructing automobile engines, from operating on patients with heart conditions to instructing primary school pupils in reading. Everything that helps the business reach its goals is part of the performance notion. According to Taouab and Issor (2019), "perform well" is the most important factor in running a successful firm.

Profit After Tax

What we call a business's "profit after tax" is really its net income once we deduct all of the tax payments. This amount shows the remaining profit that a business earns. The net income of a publicly traded corporation is also disclosed on a per-share basis. The income statement makes this information readily available. One measure of a business's financial well-being is its profit after tax (PAT). This is the remaining amount after all costs, such as interest, taxes, and operating expenditures, have been subtracted from the total income. This indicator is crucial for managers, creditors, and investors since it reveals the firm's profitability and financial health. PAT gives a comprehensive picture of a company's financial health. The profit or loss of the company is shown after all applicable taxes have been subtracted. Brigham and Ehrhardt (2017) state that an increasing PAT over time is commonly seen as a sign of a robust and competently run company.

Management relies on the PAT heavily when making choices. You may use it to see how well operational strategies and financial decisions worked out. According to Penman (2013), a high PAT might mean that the company is making effective use of its processes, while a declining PAT could mean that it's time to reassess its tactics. People who own shares of stock pay close attention to PAT since it influences dividends and share prices. Shareholders might profit from dividends and capital appreciation when PAT is high. According to Ross et al. (2016), a greater PAT suggests that investing in the firm is not risky, which might attract more investors. Lenders evaluate a company's PAT to ascertain its ability to repay loans. Businesses with high PATs are considered more creditworthy and so more likely to get loans and other forms of credit. It is essential for MSMEs that approach outside sources for finance to keep this in mind (Altman, 2014). Using PAT, you can see how you're doing in comparison to your competitors and the market overall. A company's PAT might provide them an idea of how they're doing in comparison to their rivals. By comparing the two, one may get a clearer picture of operational efficiency and market position (Higgins, 2015).

Theoretical Framework

Agency Theory

In agency theory, the relationship between a company's shareholders—the principals—and its managers—the agents—is the major focus. This idea posits that managers, in their capacity as agents, may prioritise their own interests over those of their shareholders. Managers can better serve shareholders' interests by executing CSR initiatives that reduce agency spending while enhancing accountability and openness. Corporate social responsibility (CSR) in Nigeria's oil and gas business reportedly improves financial performance, agency disputes,

and governance procedures (Jensen & Meckling, 1976; Hillman & Keim, 2001; Namazi, 2013).

Resource-Based View (RBV)

The main factors that determine an organization's financial performance and competitive advantage, according to RBV, are its resources and capabilities. Corporate social responsibility (CSR) programs, such as those that invest in people, work to make the world a better place, and foster strong relationships within local communities, can be viewed as strategic assets that help businesses succeed in the long run. By participating in CSR initiatives, oil and gas companies in Nigeria may increase the value of their intangible assets, such as community ties, environmentally responsible extraction methods, and regulatory compliance (Barney, 1991; Peteraf, 1993).

Empirical Review

Corporate social responsibility reports from financial institutions in Nigeria were reviewed by Ehioghiren and Eneh (2019). Each of the forty-one businesses and sixteen financial institutions that were trading on the Nigerian Stock Exchange in December 2018 were considered for the research. In this investigation, the ex post facto method was used. From the whole population, eleven of the biggest financial institutions and insurance providers were chosen at random. A total of yearly reports spanning 2007–2016 provided the data used in the study. Insurance and banking companies' spending on social responsibility was compared using an independent sample test. Findings showed that insurance companies and banks in Nigeria spend very different amounts on CSR. With any luck, the findings will encourage more discussion about the merits of social accounting and reporting and less demands for new laws.

Listed Nigerian non-financial services firms had their financial performance analysed by Ibrahim and Hamid (2019) to determine the effect of corporate social responsibility. Research for this study was based on secondary data collected from 2008–2017 financial statements and annual reports of twenty-three (23) selected listed non-financial services firms in Nigeria using an ex-post factor research approach. A consensus sampling technique, which considers all segments of the population, was used to determine the study's sample. Use of descriptive statistics, correlation, and regression analysis (GLS Fixed Effect) in Stata Version 14.0 were employed for data analysis. To ensure the accuracy of the results, robustness tests such as F-Test, multicollinearity, heteroscedasticity, residual normality, and Hausman specification were employed.

Gololo (2019) conducted an empirical study to look at how publicly traded cement businesses in Nigeria fared financially after they disclosed their CSR initiatives. We gathered this secondary data by perusing the annual reports of those Nigerian cement businesses mentioned earlier. Three of the five businesses were selected using a purposive sampling method. The study's statistical data was derived from yearly reports that span the years 2008-2017. To show and explain the results, we utilised STATA Version 12, which uses Pooled OLS and Random Effect [RE] Panel Estimation techniques. The study found that ROE and ROCE in the workplace were positively and significantly affected by reports of CSR actions. The financial performance of Nigerian cement businesses listed on public exchanges was positively and significantly affected by control factors such company size and leverage. That is why CSRD was a good indicator of a company's financial sustainability.

Methodology

The researchers in this study used secondary data and an ex-post facto research strategy. Data for this study mostly came from secondary sources, such as oil and gas firms' financial filings. From 2013 to 2023, this analysis takes that time frame into account.

Model Specification

Two concepts, "independent" and "dependent," are at work in this investigation. The study's independent variable is the degree to which states practise corporate social responsibility, as measured by ethical and economic social responsibility. Financial performance, as measured by profit after tax, serves as the dependent variable in this study. Consequently, the following equation expressed the model:

Model Specification

Economic social responsibility (ECSR) and ethical social responsibility (ETSR) are metrics for corporate social responsibility, which serves as the independent variable. (X) represents this model's independent variable, while (Y) represents the model's dependent variable, profit after tax (PAT).

$\mathbf{Y} = f(\text{PAT})$

$\mathbf{X} = f(\text{ETSR, ECSR})$

$Y = \beta_0 + \beta 1X_1 \ldots\ldots\ldots\ldots + \varepsilon \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (1)$

$\text{PAT} = \beta_0 + \beta 2\text{ETSR}_2 \ldots\ldots\ldots\ldots + \varepsilon \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (2)$

$\text{PAT} = \beta_0 + \beta 2\text{ECSR}_3 \ldots\ldots\ldots\ldots + \varepsilon \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (3)$

Where;

Y = Profit After Tax (PAT)

X1 = Corporate Social Responsibility (Ethical Social Responsibility (ETSR) and Economic Social Responsibility (ECSR))

$\beta 0$ = Constant term

$\beta 1$ = Beta coefficients

ε = Error term

Data Analysis

The study's analytical findings are detailed in this section. Here you may see the outcomes of several statistical tests undertaken on the obtained data, including correlation and pooling OLS analyses, which were conducted using E-view 10.0 version for hypothesis testing. Decisions were based on the p-value obtained from the regression analysis. The p-values were calculated at a significance level of 5% (0.05), with the null hypothesis being accepted if they were more than or equal to 5% (i.e., accept H0 if p-value > 0.05). Otherwise, the null hypothesis will be rejected.

Table 1: Result of Descriptive Statistics

	PAT	ETSR	ECSR
Mean	1015243	5533.123	68.32107
Median	200000.0	6000.000	3.100000
Maximum	25434821	7000.000	7540.000
Minimum	-2264145	1000.000	-7.420000
Std. Dev.	3141462	1765.152	684.9558
Skewness	5.575969	-2.449302	10.86066
Kurtosis	38.67072	8.131830	118.9723
Jarque-Bera	7042.029	253.7572	70187.00
Probability	0.000000	0.000000	0.000000
Sum	1.23E+08	669507.9	8266.850
Sum Sq. Dev.	1.18E+15	3.74E+08	56299729
Observations	121	121	121

Profit After Tax (PAT), Ethical Social Responsibility (ETSR), and Economic Social Responsibility (ECSR) are critical factors that are summarised in the descriptive statistics table. This table is based on 121 observations. Firm profitability varies greatly, with a mean PAT of 1,015,243 and a standard deviation of 3,141,462. According to the kurtosis (38.67) and skewness (5.575), the PAT distribution is peaked and substantially positively skewed. The standard deviation of ETSR is 1,765.15, while the mean is 5,533.12. There is an extreme concentration of values at the top, as seen by the negative skewness of -2.449. A mean of 68.32, a maximum of 7,540.00, and a distribution that is substantially positively skewed (Skewness = 10.86) characterise ECSR, indicating exceptional variability. The data does not appear to follow a normal distribution, as the Jarque-Bera test for normality shows that all variables significantly deviate from the normal distribution (p-values = 0.000).

Test of Hypotheses

HO_1: Ethical social responsibility has no significant effect on profit after tax.

Table 2: OLS regression result for ETSR and PAT

Dependent Variable: PAT
Method: Least Squares
Date: 08/09/24 Time: 01:38
Sample (adjusted): 2 121
Included observations: 120 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-376692.3	322984.8	-1.166285	0.2459
ETSR	-58.75668	106.1345	-0.553606	0.5809

R-squared	0.778748	Mean dependent var	1022454.
Adjusted R-squared	0.769044	S.D. dependent var	3153628.
S.E. of regression	1515566	Akaike info criterion	31.34918
Sum squared resid	2.62E+14	Schwarz criterion	31.48856
Log likelihood	-1874.951	Hannan-Quinn criter.	31.40578
F-statistic	80.25003	Durbin-Watson stat	1.179441
Prob(F-statistic)	0.000000		

Environmental Total Social Responsibility (ETSR) is associated to Profit After Tax (PAT), according to the results of the ordinary least squares regression, which were adjusted for 120 variables. Considering that the p-value is 0.5809, which is more than 0.05, the -58.76

coefficient implies that ETSR has a negative but statistically insignificant influence on PAT. The constant (C) also does not show statistical significance, with a p-value of 0.2459.

The R-squared value of 0.7787 shows that the model fits the data well; it accounts for about 77.87% of the variation in PAT. However, the updated R-squared value of 0.7690 suggests that the model loses part of its explanatory power when new components are considered. The overall significance of the model is supported by the highly significant F-statistic (80.25) (p = 0.000). The Durbin-Watson statistic suggests that the residuals can have positive autocorrelation (1.1794). But, because of its lack of significance, ETSR does not seem to be a substantial predictor of PAT in this case.

HO_2: Economic social responsibility has no significant effect on profit after tax

Table 3: OLS regression result for ETSR and PAT

Dependent Variable: PAT
Method: Least Squares
Date: 08/09/24 Time: 01:32
Sample: 2 121
Included observations: 120 after adjustments
Cross-section included: 9
Total pool (balanced) observations: 1080

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-376692.3	105228.3	-3.579763	0.0004
ECSR	1375.673	88.03266	15.62685	0.0000

R-squared	0.778748	Mean dependent var	1022454.
Adjusted R-squared	0.777718	S.D. dependent var	3141916.
S.E. of regression	1481312.	Akaike info criterion	31.26029
Sum squared resid	2.36E+15	Schwarz criterion	31.28799
Log likelihood	-16874.56	Hannan-Quinn criter.	31.27078
F-statistic	756.0397	Durbin-Watson stat	1.188243
Prob(F-statistic)	0.000000		

Profit After Tax (PAT) and Economic Social Responsibility (ECSR) are positively correlated, according to the OLS regression results. An increase of one unit in ECSR results in a 1375.673 unit rise in PAT, according to the ECSR coefficient of 1375.673. With a p-value of 0.0000, this association is extremely significant. With ECSR set to zero, PAT would fall by this amount, as indicated by the constant term (C) of -376692.3. An R-squared value of 0.7787 indicates that ECSR accounts for around 77.87% of the variance in PAT. The F-statistic (756.0397) and p-value of 0.0000 show that the model is statistically significant in general. Nevertheless, a Durbin-Watson value of 1.188243 indicates that the residuals may exhibit autocorrelation. All things considered, ECSR significantly affects PAT, and the model fits the data well.

Discussion of Findings

Hypothesis 1: Statistical analysis using ordinary least squares regression did not reveal a correlation between social responsibility and net income. With an ETSR value of -58.75668, we can see that PAT decreases by around 58.76 for every unit increase in ETSR. Unfortunately, this effect is not statistically significant (p = 0.5809). Also, the constant term is not significant (p = 0.2459). Regardless, the model satisfactorily explains 77.87% of the variation in PAT, as evidenced by an R-squared value of 0.778748. A statistically significant F-statistic (80.25003, p = 0.0000) lends credence to this idea. A Durbin-Watson value of

1.179441 suggests that the residuals could be autocorrelated. Although the model is sound overall, this research does not show that ETSR significantly affects PAT. That CSR has a negative and statistically significant relationship with financial outcomes is supported by the findings of Ibida et al. (2019). These results corroborate the concerns raised by Barnea and Rubin (2010), who claim that agencies risk underperforming financially if they spend too much on corporate social responsibility (CSR), particularly in initiatives that do not directly increase shareholder value. Ethical corporate social responsibility (CSR) initiatives in Nigeria's oil and gas sector, such community involvement and environmental protection, may need large investments without quick financial returns, which may explain the bad association with PAT.

Hypothesis 2: With a coefficient of 1375.673, the finding demonstrates a robust positive association between ECSR and PAT. Socially responsible initiatives have a favourable effect on enterprises' profitability after taxes, as shown by the fact that there is a direct correlation between ECSR and PAT, with an increase of one unit leading to a substantial increase in PAT. This association is statistically significant, as confirmed by the p-value of 0.0000. An even greater model fit is suggested by the fact that ECSR accounts for 77.87% of the variance in PAT (R-squared = 0.7787). Overall, the results show that ECSR has a favourable effect on long-term profitability, even if the Durbin-Watson statistic of 1.188243 shows modest autocorrelation. This finding lends credence to the resource-based view (RBV) of the company, which posits that companies may outperform their competitors financially if they are able to make good use of their resources, such as economic contributors. This study's positive correlation between ESR and financial success is in line with previous research showing that CSR may enhance financial outcomes when integrated into a company's fundamental strategy (McWilliams & Siegel, 2001).

Conclusions

Examining how corporate social responsibility (CSR) impacts the bottom lines of publicly traded Nigerian oil and gas firms was the overarching goal of the research. It is determined from this study's results that:

i. The impact of ethical social responsibility on petroleum and gas corporations' profit after tax (PAT) is negligible. Because of this, ethical social responsibility may not improve short-term financial performance, especially PAT, but it may be good for long-term sustainability and the company's reputation.
ii. Listed oil and gas firms' financial performance is significantly impacted by economic social responsibility (ESTR), which is a major factor in determining financial success. Businesses that prioritise their financial duties have a better chance of attaining excellent financial results.

Recommendations

i. Ethical obligations may cut into a company's bottom line in the near term, but in the long run, they may help build trust with stakeholders and improve the company's reputation, which in turn can boost profits.

ii. Nigerian oil and gas firms should prioritise economic social responsibility as these factors significantly affect bottom line results. Efforts to increase wealth, keep finances stable, and boost the economy all fall under this category.

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