
CORPORATE SOCIAL RESPONSIBILITY AND FIRMS VALUE OF NON-FINANCIAL LISTED FIRMS LISTED IN NIGERIA

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Abstract

This study assessed the effect of Corporate Social Responsibility on Firms Value of listed non-financial firms in Nigeria using ICT, Oil and Gas firms as evidence of study for a ten-year period spanning from 2013 to 2024. The specific objectives of this study are to determine the effect of corporate social responsibility on share price, price earnings, market capitalization of quoted ICT, Oil and Gas firms in Nigeria. *Ex-post facto* research design was employed. The population of this study consist of 29 (Twenty-nine) ICT, Oil and Gas firms quoted on the Nigeria Exchange Group as at 2024, out of which ten (10) of the ICT, Oil and Gas firms were selected using purposive sampling. Secondary data were extracted from annual reports and financial statements gotten from the Nigeria Exchange Group (NGX). The study employed descriptive statistics and inferential statistics using Pearson correlation, Panel pooled Least Square (PLS) regression analysis, normality test for the study. Findings from the empirical analysis showed that CSR ($\beta_1 = 0.043135$; p- value of 0.0125) has a significant and positive effect on share price, CSR ($\beta_2 = -0.212415$; p- value of 0.0000) has a significant and positive effect on price to earnings ratio; also CSR ($\beta_3 = 0.124806$; p- value of 0.0001) has a non-significant and negative effect on Market Capitalization of quoted listed ICT, Oil and Gas Firms in Nigeria at 5% level of significance. Conclusively, Government should establish standard corporate social responsibility policies and encourage firms on its realization and enforcement of laws on firms that fail to adhere to its implementation. Firms should also engage in corporate social responsibility activities that will help improve their image, goodwill and profitability. Policy makers, investors should be encouraged in promoting corporate social responsibility which will ensure competitiveness and market repositioning.

Keywords: Corporate social responsibility, Firms Value

1.1 Introduction

Corporate entities do not exist in isolation but rather exist in an environment. They exist as an entity that can sue and be sued and has impact on the social, economic, legal, cultural, ecological, technological and political environment of an economy so as to achieve the stated goals and objectives of the entity in the long run (Colma and Etale, 2024). Due to this, firms are being seen to be more concerned about what benefits them more than the environment they are situated. Ibrahim and Hamid (2019), posited that in the past firms have been seen traditionally to be self-centered by only aiming to achieve organizational profit, thereby assuming that the betterment of the standard of living of people in the society is solely on the government.

There is no global standard definition of corporate social responsibility neither is there a definite list of issues it encompasses. However, this study is designed to evaluate the responsiveness of firms' market value to corporate social responsibility in ICT, Oil and Gas firms in Nigeria. Corporate social responsibility is presently defined as determined commitment by business to behave ethically and contribute to economic development while also increasing the quality of life of various stakeholders which include employees and their families, as well as local community and society that they live in. According to Corporate social responsibility is generally construed to encompass that respect an organization accord its environment.

The generally acceptable CSR given by Rasche et al. (2017) is that CSR is the integration of an organization's social, ethical, environmental, and philanthropic responsibilities towards society into its processes, operations, and core business strategy in cooperation with relevant stakeholders. Nwude and Comfort (2021) further said that, CSR is an act where corporate firms include in their social values a strategic arrangement that will enable it to behave responsibly towards society. The extent to which a firm will meet up with its planned CSR as agreed by the board in a financial year largely depends on the board and firms characteristics such as the board diversity, board independence, board size, firm size, firm age etc. Nwude and Comfort (2021), Onipe and James (2021) and Adamu, et al. (2020), asserted that there is a connection between the board of directors' characteristics, firms characteristics and corporate social responsibility.

Corporate social responsibility has evolved from philanthropic activities including donations, charitable and relief work done by individuals and organizations to strategic programmes that are inter-linked with corporate sustainability and business responsibility (Mule, et al. 2016). Today, business strategies focus on identifying specific areas to select corporate social responsibility projects that address social problems and benefit a community to alleviate poverty, generate employment, and improve peoples' quality of life (Murya, 2016).

Business leaders are aware of the fact that in order to continue their business activities, they are dependent on the goodwill of the communities around which they operate (Musah 2021). They therefore strive to have a corporate social responsibility program in place and also have a clear strategy and action plan that will reflect its business values while addressing social and environmental aspects.

In recent time, corporate social responsibility has become a conventional business activity. Firms have increasingly incorporated environmental, social and governance aspects into their market and non-market strategies. The nature of corporate social responsibility is

based on the interests and connections of the external relations between the stakeholders and how they see and expect the realization of the sustainable development of the company (Share & Golja 2014).

In an ideal scenario, corporate social responsibility (CSR) initiatives undertaken by ICT, oil, and gas firms in Nigeria should align seamlessly with the socioeconomic and environmental needs of the country. These firms, being significant players in Nigeria's economy, should actively contribute to sustainable development, ethical business practices, and community welfare, thereby enhancing their reputation, stakeholder trust, and long-term value.

Corporate social responsibility is an effective strategy for strengthening a company's public image; avoiding regulation: gaining legitimacy and access to the markets and decision makers; and shifting the ground towards privatization of public functions. Firms are essentially applying arm twisting tactics on the government on the issue of regulation, saying that regulation will threaten the positive work they are doing. Many businesses support corporate lobbying against regulation, arguing that "regulation can only defend against bad practice — it can never promote best practice (Baker, 2001). Corporate social responsibility enables firms to propose 'ineffective', voluntary, market-based solutions to social and environmental crises under guise of being responsible.

Despite widespread recognition of the value of corporate social responsibility, business in the Nigerian capital market often face challenges in effectively pursuing their corporate social responsibility goals which include but not limited to lack of well-organized partnerships with NGOs, low levels of training and awareness among personnel, inability of firms to integrate corporate social responsibility with their business objectives and managements narrow definition of corporate social responsibility. Also, there is often a negative response to public disclosures of corporate social responsibility due to lack of uniform guidelines on performance measures.

It looks like firm values nowadays depend more than ever on their stakeholders, and the way firms manage their relationships with them seems to have become a key point for survival. In the light of this, there is a need to identify inherent or perceived problem of ICT, Oil and Gas firms pursuing corporate social responsibility, perhaps in response to rising communities' demand for such investments by firms or legal and political demands to comply in an economy that are challenged by deficit infrastructural facilities. The extent of this (CSR investment) on the overall cost of running the firms, sometimes unrelated to financial returns and by extension the market value becomes a huge challenge.

1.3 Objectives of the Study

The main objective of this study is to assess the effect between corporate social responsibility and the value of ICT, Oil and Gas Firms in Nigeria.

The specific objectives are to:

1. Examine the effect of corporate social responsibility on share price of ICT, Oil and Gas firms in Nigeria.
2. Evaluate the effect of corporate social responsibility on price earnings ratio of ICT. Oil and Gas firms in Nigeria.
3. Assess the effect of corporate social responsibility on market capitalization of ICT, Oil and Gas firms in Nigeria.

1.4 Research Hypotheses

In line with the problem statement and specific objectives stated above, the following hypotheses were formulated in null form:

H₀¹: Corporate social responsibility does not have significant effect on share price of ICT, Oil and Gas firms in Nigeria.

H₀²: Corporate social responsibility does not have significant effect on price earnings ratio (P/E) of ICT, Oil and Gas firms in Nigeria.

H₀³: Corporate social responsibility does not have significant effect on market capitalization of ICT, Oil and Gas in Nigeria.

2.1 Review of Related Literature

2.1.1 Corporate Social Responsibility

Corporate social responsibility (CSR) can be defined as a treatment of all stakeholders in a responsible and ethical manner (Hopkins 2023), McWilliams and Sigel (2021), classified corporate social responsibility activities as voluntary actions that go beyond a firm's interests and legal requirements to promote a social goods Weihrich, et al. (2011) define corporate social responsibility as the serious consideration of the impact of the company's action on society. The society being referred to in this case is the immediate environment or community which includes charitable organizations within the vicinity, schools, hospital, churches and government set ups.

Globally, corporate social responsibility has evolved from philanthropic activities including donations, charitable and relief work to strategic programs that are interlinked with corporate Sustainability and business responsibility (Ricks, 2019), Business strategies today, focus on identifying specific areas to select corporate social responsibility projects that address social Problems and benefit the communities to alleviate poverty, generate employment and improve people's quality of life (Chakraborty, 2013).

Corporate social responsibility is additionally seen as 'a concept whereby firms mix social and environmental issues in their business operations and in their interactions with their stakeholders' on a voluntary basis (European Commission, 2002). This stands to reason that compliance is voluntary rather than mandatory and this voluntary approach expresses the reality of firms taking responsibility for their true social impact and recognizes the existence of a larger pressure exercised by various stakeholder groupings in addition to the traditional ones of shareholders and investors, Notwithstanding, there is no evidence that firms which engage in socially responsible behavior perform, in terms of profit and therefore the creation of stakeholder worth, any worse than those that do not (Crowther, 2004).

Despite numerous efforts to bring about a clear and unbiased definition of corporate social responsibility, there still exists some confusion as to how it should be defined. In the views of Barnea & Rubin (2005), corporate social responsibility was associated with voluntary and Philanthropic acts undertaken by business organizations in Older to alleviate social ills but now is increasingly being seen as achieving commercial success in a way that honors ethical values and respect people, communities and natural environment. The implication of this is that business minimizes any negative social and environmental impact and maximizes the positive ones. The issue of the relevance of corporate social responsibility has to do with defining its scope for a particular corporation. As opined by Basu and Palazzo (2008), there is a diversity of opinions and ambiguity on the elements that constitute socially responsible behavior on the part of the firms, Not surprisingly, perceptions of corporate social

responsibility vary considerably among firms, Operators and ordinary people due to its wide range of definitions (Galant & Adez, It is difficult to evaluate the activities of corporate social responsibility because of the uncertainty surrounding the nature of such activities.

2.1.1 Motives of Corporate Social Responsibility

In as much as it is not easy to give a satisfying definition of corporate social responsibility, the common idea put forward in its various definitions is that firms should conduct their business in a manner which demonstrates consideration for the broader social environment in order to serve constructively the needs of society (Matten & Moon, 2008). The Dutch Social Economic Council (Social Economic Council 2001: 17-18) defined corporate social responsibility as "the conscious direction of business activities towards creating value in three dimensions in the longer term, not only in terms of financial- economic variables, such as profitability and share value but also in ecological and social sense". Following the Social Economic Council, Elkington (1997), emphasized that the company's contributions to the welfare of the society does not only consist of economic value creation, but categorize value creation in three spheres which is referred to as the triple P bottom line: profit, people, and planet, whereas profit represents the economic dimension while planet represents the ecological dimension. Where operators traditionally focus on the profit dimension, the new challenge is to integrate the social and environmental dimension in the strategy of the company. The social dimension includes aspects concerning the impact of company operations on human beings inside and outside the organization while the ecological dimension relates to the effects of company operations on the natural environment. A company's motive for embarking on corporate social responsibility can therefore be extrinsic or intrinsic.

Extrinsic Motive:

Firms may contribute to corporate social responsibility for various reasons. The first among these are the financial motives as corporate social responsibility contributes to the long-term financial performance of the company. Corporate social responsibility can affect a company's profitability in several ways. For example, it can improve the company's rating in the consumer market by enabling them to differentiate themselves from their competitors with the aim of increasing sales and market share.

Furthermore, enhancement in reputation will be rewarded by a potent workforce who will ensure higher profitability, and thereby higher acceptability by the society.

Intrinsic motive:

Besides financial motives, firms may embark on corporate social responsibility for non-financial reasons. Non-financial motives often reflect intrinsic motives that perceive corporate social responsibility as an end in itself independent from financial benefits. Intrinsic motives can be distinguished into two types: (i) corporate social responsibility as a moral duty and (ii) corporate social responsibility as an expression of altruism. The moral duty to be socially responsible can be derived from ethical principles of moral philosophy which (the intrinsic motive of altruism will make the operator want to contribute to corporate social responsibility because he enjoys helping others or want to contribute to the common good from a genuine concern of the well-being of others.

2.1.2 Corporate Social Responsibility and Creation of Value

Value creation through corporate social responsibility is more than just financial profitability. Jonikas (2012) opined that the goal is economic development, which means not only contributing to the enrichment of shareholders and executors, but also improving the

economic context in which a company operates. These include: investing in infrastructure, job creation, ensuring skills development and so on. Furthermore, company benefits received through corporate social responsibility could be generally grouped into: financial value, competitive advantage, and favorable purchase decisions making. Corporate social responsibility (CSR) initiative may be based on either a proactive or reactive strategy. Ricks (2005) noted that firms pursuing a proactive agenda activity engage in and support corporate social responsibility prior to any negative information being received by consumers. Conversely, a reactive strategy involves engaging in corporate social responsibility to protect the image of the organization after same irresponsible action has been reported (Wagna, et al, 2009).

Strategic values of economic, social and environmental responsibility integration; the internal diffusion and sharing of sustainability-oriented values and principles; and the set-up of integrated complex risk management system significantly influence the optimization of corporate potential in terms of sustainable value creation (Broudoni 2010). Strategies oriented towards integrated corporate social responsibility are clearly aware of the responsibilities towards different stakeholders and they adopt methods and tools of governance aimed at improving economic, social and ecological performance According to Salvion and Gennari (2017), the potential for creating sustainable value stands on two pillars: the quality of corporate governance decisions through an integrated approach to responsibility and the ability to transfer the sustainable objectives derived from the socially responsible strategy into behaviors of the entire organization.

2.1.3 Corporate Social Responsibility (CSR) and Firms' Market Value

CSR is basically incorporation of the aspirations of the communities in the business plan of companies operating in their domain at a given time. The needs of the communities could be economic, legal, ethical or philanthropic (Colma and Etale, 2024). CSR activities to employees, communities, suppliers, creditors, shareholders and other stakeholders are expected to be disclosed by entities in order to keep the public abreast of the contribution the company is making. Egbunike and Tarilaye (2017), opined that CSR disclosure adequately provide all parties in the community with the information concerning the various positive effect the company has on the growth of its various stakeholders through community contribution, product involvement, employee welfare, and philanthropic act.

The carrying out of CSR activities can build a positive image for a company than that of its competitors in the same industry. Starineca (2016) is of the opinion that communities that have enjoyed CSR programs have a better and higher standard of living than those who have not.

Corporate social responsibility and market value relationship has to be understood in a long-term scenario, as certain corporate social responsibility issues may lead to firms 'better' performance. Economic literature classifies the variables representing firms' performance into market and accounting measures. The study hereby summarize these variables that will enhance the responsiveness of firms' market value to corporate social responsibility,

Market Measures

These are made up of market capitalization and Beta.

(a) Market capitalization:

This refers to the total currency market value of a company's outstanding shares. It is commonly referred to as "market Cap" and is calculated by multiplying a company's shares

outstanding by the current market price of one share. The investment community uses this figure to determine the company's size as opposed to using sales and total asset figures. Using market capitalization to show the value of a firm is important because firm's size is a basic determinant of various characteristics in which investors are interested, including risk. Although it is used often to describe a company, market capitalization does not measure the equity value of a company. Only a thorough analysis of a company's fundamentals can do that (Servaes & Tamayo, 2013). It is inadequate to value a company because the market price on which it is based does not reflect how much a piece of the business is worth. Shares are often over-or-undervalued by the market which means that the market price only determines how much the market is willing to pay for its shares (Shiu, 2017). Although it measures the cost of buying all of a company's shares, the market capitalization does not determine the amount the company would cost to acquire in a merger transaction.

Two main factors can alter a company's market capitalization and these are significant changes in the prices of a stock or when a company issues or repurchases shares. An investor who exercises a large number of warrants can also increase the amount of shares on the market and negatively affect shareholders in the process and this is known as dilution (Rowley & Berman, 2000).

(b) Beta:

It is a content of the Capital Asset Pricing Model (CAPM) and it describes the relationship between the expected return of the whole market against the expected return of a financial portfolio. Its value also represents a risk measure: when its value is lower than one unit, the considered asset is likely to reduce the market fluctuations, while the opposite happens when its value is higher than one (Hull & Rothenberg, 2008). According to Carini et al, (2017), firms with high systematic risk use social certification to reduce their exposure to risk. The reduction in the exposure to risk can also reduce the cost of capital and therefore information asymmetries.

2.3 Empirical Review

Colma and Etale (2024) assessed the impact of firm characteristics on corporate social responsibility (CSR) of listed consumer goods firms in Nigeria for the period of eleven years covering 2013 to 2023. Based on the ex post facto study design, secondary data collected from published financial statements of sampled five companies listed on the Nigerian Exchange Group were evaluated using Pearson correlation coefficient and multiple regression analysis based on OLS technique assisted by E-Views statistical software. The findings revealed that that firm size and firm growth had positive but insignificant impact on CSR, while firm age had negative insignificant effect on CSR practices of listed consumer goods firms in Nigeria.

Velinov et al (2022) examined the perception of employees of brewery companies in Czech. Emphasis on this study was placed on the implementation of CSR practices in breweries across Czech in order to motivate employees. The study findings revealed that workers in Czech breweries were the least motivated because of the fact that CSR practices are not mandatory, therefore, employees' perception of CSR practices are not positive.

Cincalova and Novakova (2021) examined CSR practices of a selected Czech transport company. Primary data for the study was generated through the administration of a questionnaire on employees of the company. The findings revealed that the sampled transport company had very good CSR strategies, and the company's CSR activities were adequately disclosed in line with requirements in Czech.

Malik and Okere (2020) examined corporate social responsibility, environmental investments and financial performance with evidence from manufacturing companies. The study explored a total of 64 manufacturing companies as population from the period 2011 to 2016 and used descriptive and panel regression analysis to analyze the information obtained. Donations, staff training cost and employee benefits as variables while monetary output as reliant factor. The findings of the study revealed that environmental investments had positive significant impact on financial performance.

Oladele and Mokuolu (2020) evaluated the relationship between corporate social responsibility expenditure and financial performance of quoted manufacturing firms in Nigeria between 1999 and 2015. The study used profit after tax of the firms as proxy for financial performance while total asset, working capital and leverage ratio were used as proxy for corporate social responsibility expenditure. The study results showed that CSR expenditure had positive impact on financial performance of the companies studied even though not significant.

Tarus (2020) explore the effect of board size on environmental disclosure in 27 listed firms in Kenya between the period of 2008 and 2017. The random effect regression was used to analyze the data and content analysis was used as a measurement for environmental accounting disclosure. The regression results showed that board size and environmental disclosure were significant negatively related.

Cincalova and Hedija (2020) investigated the relationship between firm characteristics and corporate social responsibility among Czech transportation and storage industry firms. Data collected from the Albertina database was evaluated using Pearson and Spearman correlation coefficients, and regression analysis. The study found significant relationship between firm size, firm financial performance and CSR, whereas, firm age and board gender diversity had no effect on CSR of Czech transportation and storage industry companies.

Ashrat, et al (2017) studied "Corporate social responsibility impact on financial performance of banks: evidence from Asian Countries". The study investigated the effect of corporate social responsibility on financial performance of banks in various Asian countries. The result of the study confirmed that there is a link between corporate social responsibility and financial performance of banks. However, the analysis showed a negative and significant relationship between earnings (PE) ratio and return on assets (ROA).

Querol-Areola (2017) analyzed "the relationship between corporate social responsibility financial performances under corporate governance aspects in selected Southeast Asian firms. Financial performance was determined using financial ratios such as return on assets (ROA), return on equity (ROE) price earnings ratio (PE) and earnings per share (EPS). The result shows that corporate social responsibility and price earnings ratio exhibits moderate relation and correlation between these two variables was observed to be weak.

Ravlic and Yamold (2015) reviewed "corporate social responsibility disclosures and the volatility of the stock market: a study of the Swedish and Danish stock markets". They sought to examine if fulfilling certain amount of corporate social responsibility criteria would reduce the volatility of a company's stock price, and were able to determine that there exists a relationship between the level corporate social responsibility that a company reports and the level of beta that the company has. This implies that the Swedish Stock market could benefit from mandatory corporate social responsibility regulation as it would reduce the instability which would also be beneficial for the company's different stakeholders.

Heidari and Reza (2015) in the study, "examining the relationship between corporate social responsibility and stock price crash risk of firms listed in Tehran Stock Exchange", investigated the relationship between corporate social responsibility and stock price crash risk of firms and the result reveal that there is a significant relationship between disclosure dimension from aspects of environmental, economic and sociological responsibility and the stock price crash risk of firms.

Solomons et al (2014) in their study "effects of corporate social responsibility performance on stock prices: empirical study of listed manufacturing firms in Nigeria", investigated the effects of corporate social responsibility performance on stock prices of firms. The findings revealed that it has no effect on their stock prices and further revealed a negative, non-significant correlation between stock prices and corporate social responsibility activities.

3.0 Methodology

This research study employed the *Ex-Post facto* design. The study was conducted in Nigeria and focused on Non-Financial Firms Listed on the Nigeria Exchange Group (NGX) as at April, 2023. The period covered were from 2013 to 2024. Secondary data were source of data for the study. The secondary data were collected from published annual reports and accounts of financial statement of selected Non-Financial Firms Listed on the Nigeria Exchange Group (NGX) during the period 2013 to 2024. More specifically, the study covered a sample of ICT, Oil and Gas Firms quoted on the Nigerian Exchange Group. However, all the proposed firms are domiciled and operate within the geographical boundaries of Nigeria. The researcher concentrated on ICT, Oil and Gas sector of the Nigerian Exchange Group.

3.1 Model Specification

$$P_SR_{it} = a + b_1CSR_{it} + b_2SIZE_{it} + \mu \dots\dots\dots (1)$$

$$SP_{it} = a + b_1CSR_{it} + b_2SIZE_{it} + u \dots\dots\dots (2)$$

$$P_BV_{it} = a + b_1CSR_{it} + b_2SIZE_{it} + \mu \dots\dots\dots (3)$$

$$P_ER_{it} = a + b_1CSR_{it} + b_2SIZE_{it} + u \dots\dots\dots (4)$$

$$MKCAP_{it} = a + b_1CSR_{it} + b_2SIZE_{it} + u \dots\dots\dots (5)$$

Hypothesis one states that corporate social responsibility does not have a significant effect on price to sales ratio of ICT, Oil and Gas firms in Nigeria.

This hypothesis is represented as:

$$P_SR_{it} = a + b_1CSR_{it} + b_2SIZE_{it} + u$$

Where: P_SR_{it} = Price to sales ratio

CSR_{it} = Corporate Social Responsibility

Size = natural log of turnover of firm

b = variable coefficient

it = i = firm, t = time

u = error term

4.0 Data Presentation and Analysis

4.1 Data Analysis and Result

Hypothesis One

Table 1: Panel Least Square Regression Analysis

Dependent Variable: CSR

Method: Panel EGLS (Period SUR)

Date: 02/10/25 Time: 11:18

Sample: 2013 2024

Periods included: 12

Cross-sections included: 10

Total panel (unbalanced) observations: 97

Linear estimation after one-step weighting matrix

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.720844	0.284467	6.049370	0.0065
SHARE_PRICE	0.043135	0.016939	2.546533	0.0125
SIZE	0.315978	0.041383	7.635435	0.0000
Weighted Statistics				
R-squared	0.474597	Mean dependent var	0.830462	
Adjusted R-squared	0.463418	S.D. dependent var	7.977995	
S.E. of regression	0.858944	Sum squared resid	69.35172	
F-statistic	42.45511	Durbin-Watson stat	1.773706	
Prob(F-statistic)	0.000000			
Unweighted Statistics				
R-squared	0.077105	Mean dependent var	4.234639	
Sum squared resid	66.17196	Durbin-Watson stat	0.555868	

Source: Author's E-view Output, 2025

Thus $CSR = 1.720844 + 0.043135 \text{ SHARE PRICE} + 0.315978 \text{ SIZE} + \mu$

The beta coefficient (β_2) revealed that if SHARE PRICE increases by one unit, then the sampled firms CSR would reduce by 0.043135 units; also, a unit increase in SIZE will cause CSR to increase by 31.60%.

Based on the empirical evidence that suggest that SHARE PRICE with a p-value = $0.0125 < 0.05$ and β -coefficient of 0.043135, has a significant and positive effect on ROE of non-financial firms in Nigeria at 5% level of significance, thus the alternative hypothesis of the study is therefore accepted while the null is rejected, stating that there is a significant and positive effect of SHARE PRICE on CSR.

Hypothesis II

Panel Least Square Regression Analysis, testing the effect of CSR on PE Ratio

Table 2 Pooled OLS for PE Ratio

Dependent Variable: CSR

Method: Panel EGLS (Cross-section SUR)

Date: 02/28/25 Time: 04:13

Sample: 2013 2024

Periods included: 12

Cross-sections included: 10

Total panel (unbalanced) observations: 84

Linear estimation after one-step weighting matrix

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PE_RATIO	0.212415	0.027608	7.693913	0.0000
SIZE	0.284977	0.021402	13.31514	0.0000
C	1.784292	0.179790	9.924289	0.0000
Weighted Statistics				
R-squared	0.817398	Mean dependent var	-12.16679	
Adjusted R-squared	0.812890	S.D. dependent var	55.68972	
S.E. of regression	0.846650	Sum squared resid	58.06215	
F-statistic	181.2941	Durbin-Watson stat	1.472004	
Prob(F-statistic)	0.000000			
Unweighted Statistics				
R-squared	0.120422	Mean dependent var	4.180119	
Sum squared resid	41.54258	Durbin-Watson stat	0.687256	

Source: Author's E-view Output, 2025

Thus $CSR = 1.784292 + 0.212415 \text{ PE_RATIO} + 0.284977 \text{ SIZE} + \mu$

The beta coefficient (β_2) revealed that if Price to Earnings Ratio increases by one unit, then the sampled firms CSR would increase by 21.24% units.

In addition, the Durbin-Watson statistics value of 0.687256, which is less than 2 provides evidence of a positive autocorrelation.

Based on the empirical evidence that suggest a p-value = 0.0000 < 0.05 and β -coefficient of 0.212415, therefore the null hypothesis was rejected and the alternative hypothesis accepted.

Panel Least Square Regression Analysis, testing the effect of CSR on Market Capitalization

Table 3 Pooled OLS for Market Capitalization

Dependent Variable: CSR

Method: Panel EGLS (Cross-section SUR)

Date: 02/24/25 Time: 11:08

Sample: 2013 2024

Periods included: 10

Cross-sections included: 10

Total panel (unbalanced) observations: 97

Linear estimation after one-step weighting matrix

Variable	Coefficient	Std. Error	t-Statistic	Prob.
MARKET_CAP	0.124806	0.005217	23.92089	0.0001
SIZE	0.266424	0.006640	40.12324	0.0000
C	1.264547	0.067994	18.59788	0.0000
Weighted Statistics				
R-squared	0.961094	Mean dependent var	-28.76990	
Adjusted R-squared	0.960266	S.D. dependent var	468.3060	
S.E. of regression	0.949151	Sum squared resid	84.68351	
F-statistic	1161.039	Durbin-Watson stat	1.833312	
Prob(F-statistic)	0.000000			
Unweighted Statistics				
R-squared	0.087475	Mean dependent var	4.234639	
Sum squared resid	65.42839	Durbin-Watson stat	0.572011	

Source: Author's E-view Output, 2025

Thus $CSR = 1.264547 + 0.124806 \text{ MARKET_CAP} + 0.266424 \text{ SIZE} + \mu$

The beta coefficient (β_2) revealed that if Market Capitalization increases by one unit, then the sampled firms CSR would increase by 26.64% units.

In addition, the Durbin-Watson statistics value of 1.833312, which is less than 2 provides evidence of a positive autocorrelation.

Based on the empirical evidence that suggest a p-value = $0.0000 < 0.05$ and β -coefficient of 0.124806, therefore the null hypothesis was rejected and the alternative hypothesis accepted.

4.0 Findings

1. Result of the regression analysis on Hypothesis I showed that Corporate Social Responsibility had a significant and positive relationship with Share Price of quoted listed ICT, Oil and Gas firms in Nigeria at 5% level of significant level ($\beta_1 = 2.546533$; p- value of 0.0125).

2. Result of the regression analysis on Hypothesis II Corporate Social Responsibility had a significant and positive relationship with Price to earnings ratio of quoted listed ICT, Oil and Gas firms in Nigeria at 5% level of significant level ($\beta_2 = 0.212415$; p- value of 0.0000).

3. Result of the regression analysis on Hypothesis III Corporate Social Responsibility had a significant and positive relationship with MARKET_CAP of quoted listed ICT, Oil and Gas firms in Nigeria at 5% level of significant level ($\beta_3 = 0.124806$; p- value of 0.0001).

5.0 Conclusion

For some years in Nigeria, firms have been under pressure to embark on corporate social responsibility activities despite the numerous global and national challenges. It seems like the firms' market values nowadays depend on their stakeholders' evaluation and the way they manage their relationship with them. To evaluate the responsiveness of firms' market value to corporate social responsibility, ICT, Oil and Gas Firms listed of Nigerian Exchange Group (NXG) was selected as samples.

All the firms in this sector (ICT and Oil and Gas) that are active in the capital market were examined. The social responsibility of firms were arrived at, using the summation of the donations and environmental cost which is clearly mentioned in corporate social responsibility, core values, and other statements in the annual reports of the sampled firms. The firms' market values were measured by five variables: price to sales ratio, share price, price-to-book value, price earnings ratio and market capitalization. Simple linear regression using panel data analysis with e-view 12 statistical package was employed to evaluate the sampled data for the time period which ranges from 2012-2021.

5.3 Recommendations

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

1. Government should establish standard corporate social responsibility policies and encourage firms on its realization and also enforce laws on firms that fail to adhere to its implementation. Embracing this policy will ensure a boost in the price to sales ratio of the firms.
2. By engaging in corporate social responsibility, firms' stock prices will be less volatile and this will naturally enhance the investors' decision-making process while evaluating which firms to invest in.
3. Firms that are corporate social responsibility compliant should internalize costs rather than externalizing the true cost of their operations onto the wider society. A company working in the social interest should cover the cost of its CSR rather than seeking possible ways of externalizing them.
4. Firms should engage in corporate social responsibility activities as that will make them improve their image, goodwill and profitability. Investors most often consider socially responsible to be more secure investments.
5. Policy makers, investors and other bodies should be encouraged in promoting the concept of corporate social responsibility. This ensures competitiveness and market positioning as the firm becomes a market leader in its field which impacts its market capitalization positively.

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