EFFECT OF CORPORATE SOCIAL RESPONSIBILITY ON PROFITABILITY OF QUOTED BREWERY FIRMS IN NIGERIA. EVIDENCE FROM GUINNESS, NIGERIA, PLC.

BY

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GOU/U21/ACC/355

DEPARTMENT OF ACCOUNTING AND FINANCE
FACULTY OF MANAGEMENT AND SOCIAL SCIENCES
GODFREY OKOYE UNIVERSITY, ENUGU

JULY, 2026

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A RESEARCH PROJECT PRESENTED TO THE DEPARTMENT OF ACCOUNTING AND FINANCE, FACULTY OF MANAGEMENT AND SOCIAL SCIENCES, GODFREY OKOYE UNIVERSITY, ENUGU

IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF A BACHELOR OF SCIENCE (B.Sc.) DEGREE IN ACCOUNTING

PROJECT SUPERVISOR: DR. STEPHEN I. AGU

JULY, 2026.

DECLARATION

I**, Otozi Amelia Omakaree** is a bona fide student in the Department of Accounting and Finance under the Faculty of Management and Social Sciences in Godfrey Okoye University. I hereby declare that the work entitled"**Effect of Corporate Social Responsibility on Profitability of Quoted Brewery Firms in Nigeria. Evidence From Guinness, Nigeria, Plc".**, submitted by me in partial fulfilment of the requirements for the award of Bachelor of Science (B.Sc.) degree in the department of Accounting and Finance is my original work and has not been submitted either in part or full for any other degree or diploma either in this or any other tertiary institution.

OTOZI, AMELIA OMAKAREE **DATE**
GOU/U22/ACC/355

CERTIFICATION

This is to certify that this research entitle "**Effect of Corporate Social Responsibility on Profitability of Quoted Brewery Firms in Nigeria. Evidence From Guinness, Nigeria, Plc",** written by **Otozi, Amelia Omakaree** with Registration Number GOU/U21/ACC/355 Presented to the Department of Accounting and Finance of Godfrey Okoye University, Enugu has been assessed and approved for oral examination/defense by the Department of Accounting and Finance, Godfrey Okoye University, Enugu.

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EXTERNAL EXAMINER	**DATE**

DEDICATION

This research project is dedicated to God Almighty for His grace, mercy, strenght and wisdom

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ABSTRACT

This study examines the effect of corporate social responsibility on the profitability of brewery firms in Nigeria: Specifically the study evaluates the effect of Staff Cost, Environmental Cost, and Corporate Donations on net profit margin. The study adopts an ex-post facto research design, and secondary data were obtained from the audited annual reports and financial statements of Guinness Nigeria PLC over the period 2015-2024. Regression technique was employed for data analysis. The results reveal that staff cost has a negative but insignificant effect on the net profit margin of brewery firms in Nigeria. The study further reveals that environmental cost has a negative but insignificant effect on net profit margin, while corporate donations have a positive but insignificant effect on net profit margin. Based on these findings, the study recommends that management should not regard corporate social responsibility merely as a short-term profitability strategy. Brewery firms should continue investing in effective staff welfare, environmental responsibility, and corporate donation programmes to ensure employee commitment, environmental sustainability, community goodwill, regulatory compliance, and improved corporate reputation, which may yield long-term operational benefits. Management should ensure that such CSR expenditures are properly planned and aligned with corporate objectives in order to enhance stakeholder trust, customer loyalty, and overall financial performance.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Corporate social responsibility has become one of the main business forces guiding modern business actions, requiring firms to balance profit needs with broader duties to society, communities, and the environment. Far from being a minor matter, CSR now sits at the centre of company control systems across the world, reflecting a major shift in how businesses are expected to explain why they should exist and gain the trust of different stakeholders. In the Nigerian context, this shift carries particular urgency because the institutional setting, community expectations, and regulatory setting place different as well as often conflicting demands on firms operating across high effect industries. Understanding how CSR spending links to performance is more than a research issue. It is also a serious management and policy issue that decides how firms maintain operations while meeting social responsibilities.

This condition supports the growth of CSR which provides a clear guide for ethical behaviour, environmental care and stakeholder care as noted in the work of Carroll (2016). Ahmed and Ibrahim (2024) describe CSR as a voluntary commitment that supports economic growth through cooperation with employee communities as well as the general public in a structured form. Hamidu et al. (2015) also show that CSR moves from basic charity toward broader duty that shapes the relationship between firms and society through active practice.

This growth in expectations affects many sectors including brewery industry which places the brewery industry at the centre of CSR discussion because brewery operations are within a firm group with high environmental concern. Awa et al. (2024) explain that communities now ask for clear evidence of responsible corporate citizenship from brewery firms within stakeholder concern. The fast growth of industry across African states leads to increased social strain which creates a setting where CSR becomes a ethical responsibility and a planned need for stable operation. This development makes the link between CSR and performance a main concern for firms that seek competitive strength in a demanding market.

This issue matters in Nigeria because the brewing industry contributes to manufacturing jobs and public revenue through large operations. Companies such as Guinness, Nigerian Breweries and International Breweries generate billions of naira as well as provide thousands of jobs according to Kingsley et al. (2019). Guinness established in 1950 is a main firm and Olatunji and Arowoshegbe (2022) show that breweries in Nigeria fund CSR activities that support education, health facilities along with environmental programmes for public benefit. These activities help firms to meet regulatory expectations while they respond to community needs through planned involvement.

Even though breweries fund CSR they face many problems because public criticism rises after high water use and environmental strain from industry processes. Nnorom and Onyeizugbe (2022) state that this strain forces firms to present responsibility in a clear way for public support. CSR strengthens reputation yet its financial benefit remains uncertain for many managers who must balance fair actions with profitability in a difficult setting. This situation creates the main question of whether CSR investment supports or reduces the performance of Nigerian breweries over time.

Profitability remains important for all firms which makes the study of this link important for decision makers. Measures such as Return on Assets known as ROA and Return on Equity known as ROE allow managers to study performance in a structured way by Akinninyi (2025) as well as Njoku et al. (2025). These performance measures help firms Establish whether CSR activities support or reduce results when applied in practical situations.

Guinness provides a useful case because the firm has a long operating history, broad CSR programmes, a strong market position in the market and available financial records that support detailed study. Studying this firm provides a clear view of how CSR shapes profitability within a main Nigerian brewery and it gives insight for other sectors that share similar conditions. For this reason this study examines how CSR affects the profitability of breweries in Nigeria, with Guinness as the case area.

1.2 Statement of the Problem

CSR is important in the present business environment because it helps firms balance profit with social purpose, develop stakeholder trust and keep long term right to operate. As firms face growing strain to show social responsibility alongside performance, understanding how CSR spending shapes profitability has become a needed concern for managers, policymakers and investors as well. This importance is clear in a special way in the Nigerian brewery industry where firms must together meet community expectations, regulatory requirements and shareholder demands within a difficult economic condition.

At the present time, the weak economy of Nigeria forms a difficult setting where breweries try to balance CSR demands with the need for stable results. Nigerian Breweries announced a promise of N500 million for environmental repair (BusinessDay NG, 2022) Even though the sector faced major strain. The reason is that the cost of sales increased by 96.7% in 2024 which created strong money strain according to Agusto Research (2025). Guinness showed the same difficulty because the firm recorded a loss before tax of N60.46 billion for the nine months ending March 2024. At the same time it continued to run CSR programmes that focused on environmental care and community wellbeing by Radarr Africa (2025).

Kingsley et al. (2019) show that education-centred CSR produced good results for breweries while CSR in health and water projects produced poor results with small financial benefit. Anichebe (2025) shows that CSR spending created a strong negative effect on return on assets for consumer goods firms which makes managers question if CSR remains useful during periods of declining performance.

Because few studies study single firms in a careful way there remains a clear knowledge gap about the forms of CSR that support profitability in the Nigerian brewing industry and this same gap was noted by Omodero (2022). For this reason this study examines the effect of CSR on profitability of quoted firms, evidence from Guinness.

1.3 Objectives of the Study

The main goal of this study is to examine the role of corporate social responsibility on profitability of brewery firms in Nigeria: evidence from Guinness Nigeria PLC. The specific objectives of this study are to:

Identify the effect of staff cost on net profit margins of quoted brewery firms in Nigeria.

Establish the effect of environmental cost on net profit margins of quoted brewery firms in Nigeria.

Assess the effect of corporate donations on net profit margins of quoted brewery firms in Nigeria.

1.4 Research Questions

From these research objectives, the following research questions were developed:

What is the effect of staff cost on net profit margins of quoted brewery firms in Nigeria?

What is the effect of environmental cost on net profit margins of quoted brewery firms in Nigeria?

What is the effect of corporate donations on net profit margins of quoted brewery firms in Nigeria?

1.5 Research Hypotheses

The following hypotheses were tested in their null form:

There is no significant effect of staff cost on net profit margins of quoted brewery firms in Nigeria.

There is no significant effect of environmental cost on net profit margins of quoted brewery firms in Nigeria.

There is no significant effect of corporate donations on net profit margins of quoted brewery firms in Nigeria.

1.6 Significance of the Study

The findings of this research project will benefit the following groups:

managers of breweries: managers in breweries and other manufacturing firms can use the findings to guide decisions about CSR resource allocation through a framework that highlights main areas. The results identify CSR areas that support social outcomes and financial stability which helps managers choose programmes that improve organisational performance as well as community wellbeing together.

Financial Analysts: Financial analysts can use this evidence to develop CSR budgets that support value for shareholders while meeting stakeholder expectations through planned action. It also gives simple tools for assessing CSR results which allow firms to monitor performance and adjust CSR programmes as needed.

Investors: Investors can use the findings because they explain how CSR shapes firm profitability and firm risk which supports clearer investment choices as well as better portfolio planning. Business owners gain a planned understanding of whether CSR spending adds long term value or creates extra financial strain in periods of strain. Investors with social responsibility can rely on the results because the evidence helps them assess firms by using financial health as well as social performance in a balanced way. Stock market analysts can also use the ideas because they support the creation of valuation models that consider CSR as a factor that shapes performance over time.

Government and Regulatory Agencies: Government agencies as well as regulatory bodies such as the Financial Reporting Council of Nigeria can use the findings to design policies that encourage CSR while protecting national economic interests through planned coordination. Policymakers can apply the ideas because they support the development of incentives, tax systems or rules that promote responsible company behaviour while keeping financial stability for firms. It also helps clarify debates on mandatory CSR reporting because it shows how disclosure affects performance through patterns that can be measured. Local government officials can use the findings to understand how corporate community programmes can support public goals that aim to improve social and economic conditions within their areas.

Researchers: Academic researchers can benefit from this study because it gives data evidence on the CSR-profitability relationship within the Nigerian brewery sector using a long period method that covers ten years of financial data. The study provides a method guide that uses Ordinary Least Squares (OLS) regression analysis which future researchers can repeat or adjust when investigating similar relationships in other manufacturing sectors or developing economies.

1.7 Scope of the Study

The study examined the importance of CSR on profitability of quoted firms. It placed main attention on breweries in Nigeria with focus on Guinness as the study reference. To keep the study simple and clear, the study studied three CSR areas which included SC, EC, as well as CD profitability was measured through NPM. The study examined the effect of CSR on profitability of Guinness for the period of ten years 2015-2024.

1.8 Operational Definitions of Terms

The following terms have meanings for this study:

1. CSR (CSR) means the voluntary commitment made by Guinness to include social, environmental, and ethical issues within organisational processes as well as within interactions that involve stakeholders while going beyond any legal duty. The term covers

actions that include staff welfare, environmental care, and CD directed toward supporting social wellbeing alongside stable economic development goals (Carroll, 2016).

2. NPM means the performance measure that measures the percentage of revenue that remains as profit after all expenses, taxes, and costs have been deducted. In this investigation, NPM is the dependent variable used to assess the profitability of Guinness and shows the ability of the firm to change revenue into real profit.

3. SC means the total spending made by Guinness on employee pay including salaries, wages, bonuses, pension contributions, training expenses, and other employee related benefits. This CSR element means the firm investment in worker skills and employee welfare within its internal social responsibility duty.

4. EC means the financial spending made by Guinness toward practices that protect the environment including waste management, water treatment, pollution control, carbon emission reduction, renewable energy adoption, and compliance with environmental rules. These costs reflect the firm commitment to reducing harm to nature and meeting environmental stakeholder expectations.

5. CD mean the voluntary financial contributions and giving investments made by Guinness to support community development, educational programmes, healthcare initiatives, youth empowerment projects, as well as other social welfare activities. These donations represent external CSR of the firm efforts aimed at building good community relationships and improving the company name.

6. breweries refer to manufacturing firms involved in producing, distributing, and selling alcohol drinks such as beer, stout, as well as malt drinks within of Nigeria broad food along with beverage economic framework. These firms face CSR demands connected to responsible alcohol use, water-heavy production, and the social effects of their industrial presence.

7. quoted firms refer to brewery companies that are listed and traded through active practice on the Nigerian Exchange Limited (NGX), making their financial information available to the public as well as subject to rule disclosure requirements. Guinness means one of such quoted firms.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Conceptual framework

2.1.1 Corporate social responsibility (CSR)

CSR means a voluntary commitment through which companies include social, environmental and ethical issues within their business operations as well as stakeholder interactions beyond legal duties by Ahmed and Ibrahim (2024). Carroll (1991) presented CSR through a pyramid framework containing four responsibility levels which include economic duty requiring firms to generate profit, legal duty requiring compliance with laws, ethical duty calling for fair actions and giving duty encouraging community support through voluntary actions. Hamidu et al. (2015) widened this understanding by explaining that CSR changed from basic charity toward strategic business practice where firms balance financial aims with social support through planned involvement. In the Nigerian context CSR encompasses activities such as community development programmes, environmental care initiatives and employee welfare schemes that help firms maintain public support as well as rule approval by Omodero (2022). For brewery companies operating in Nigeria CSR holds particular importance because alcohol production, high water use and community dependencies create stakeholder expectations that require careful management through responsible company behaviour. Olatunji and Arowoshegbe (2022) report that Nigerian breweries spend large resources in education support, healthcare facilities as well as projects that protect the environment to strengthen community relationships along with protect operational stability. CSR spending is measured and disclosed through annual financial reports where companies present costs made on employee benefits, environmental compliance as well as philanthropic donations as separate lines within operating costs. This disclosure practice allows investors, regulators and researchers to study CSR spending patterns as well as assess their financial effects for organisational performance. Kingsley et al. (2019) found that different CSR dimensions produce varied results which suggests that not all CSR investments give equal returns within the same industry setting. In this study CSR is defined as the total spending by Guinness on staff welfare, environmental care and CD as captured in audited statements 2015-2024.

2.1.2 Staff Cost

SC means the total financial spending made by a firm on employee pay which includes salaries, wages, bonuses, pensions, gratuities, training expenses and other employment-related benefits within a stated accounting year by Akinninyi (2025). This cost category forms an important part of operating costs in manufacturing firms because labour remains necessary for production, administration and service delivery across all functions of the firm. SC contains both legal elements such as pension contributions, National Social Insurance Trust Fund deductions, Industrial Training Fund levies and severance payments required by Nigerian labour laws together with free choice elements such as performance bonuses, housing allowances, transport subsidies as well as professional training programmes that firms provide to attract along with retain skilled workers by Nkasi and Philemon (2025). From an accounting view SC is classified as either direct labour cost when employees work through direct means on production activities or indirect labour cost when employees perform support functions such as administration, marketing or finance operations within the company framework. SC also divides into fixed parts such as in a month way salaries that remain constant regardless of production amount and changing parts such as overtime payments as well as production bonuses that change with output levels. Njoku et al. (2025) explain that firms view SC through two different views where one view treats it as an investment in worker skills that enhances productivity, innovation and competitive edge. At the same time another view sees it a money burden that reduces profit margins when wage levels rise faster than revenue growth. In the Nigerian brewery industry SC means a large portion of total operating costs because brewing operations require skilled technicians, quality control specialists, machine operators and distribution workers who receive competitive pay packages. Anichebe (2025) found that employee related expenditures created mixed effects on profitability in consumer goods firms which creates questions about the best level of staff investment for financial survival. In this study SC is measured as the total employee benefit cost reported in the income statement of Guinness each year 2015-2024.

2.1.3 Environmental cost

EC means the financial spending that firms incur to prevent or reduce or repair environmental harm caused by their industrial operations and to comply with environmental rules within their places of operation by Ojo and Akinpelu (2024). These costs arise because manufacturing work within the brewery sector in particular generate important environmental effects through water consumption, energy use, waste production and air emissions that require planned management to protect natural resources as well as public health. Environmental costs are classified into many categories which include prevention costs spent on pollution control equipment and cleaner production technologies, assessing costs made for environmental checks as well as monitoring activities, internal failure costs arising from waste treatment along with repair efforts in addition to external failure costs paid as fines, penalties or payment for environmental harm by Gray et al. (2014). For brewery companies in Nigeria environmental costs in the main involve water treatment expenses. The reason is that brewing processes consume large amounts of water that must go through treatment before discharge into public water bodies to meet standards set by the National Environmental Standards and Regulations Enforcement Agency. Additional environmental costs include waste management fees for disposing used grains and packaging materials, energy costs for operating effluent treatment plants, certification fees for ISO 14001 environmental management systems as well as investments in renewable energy sources such as solar panels or biogas digesters that reduce carbon emissions. Nnorom and Onyeizugbe (2022) note that practices that protect the environment at first increase operational costs. However may generate long-term savings through improved resource efficiency, reduced rule penalties and improved company name among stakeholders who environmental care. Omodero (2022) found that environmental expenditures in Nigerian breweries showed no significant effect on performance which suggests either not enough implementation or not enough time for environmental investments to give financial returns that can be measured. EC accounting remains not well developed in many Nigerian firms. The reason is that disclosure practices vary in many places and some companies combine environmental expenses within general administrative costs rather than reporting them in a separate way which limits transparency as well as comparison in analysis. In this study EC is measured as the total spending on environmental care, waste management and sustainability initiatives disclosed in the reports of Guinness 2015-2024.

2.1.4 Corporate donations

CD means voluntary financial contributions and gifts in kind that companies provide to support community development, schools, healthcare facilities, charity firms as well as social welfare programmes without expectation of direct business returns within the short transaction period by Olanrewaju and Ismaila (2025). These philanthropic expenditures form part of external CSR where firms extend benefits beyond their main business operations to address social needs and strengthen relationships with host communities as well as broader society. CD take various forms which include cash transfers to non profit firms, construction of community facilities such as roads and water systems, provision of educational scholarships for poor students, sponsorship of healthcare outreach programmes, supply of disaster relief materials as well as funding of youth empowerment initiatives that create economic opportunities in nearby communities. Kingsley et al. (2019) found that education-focused donations by Nigerian brewery companies created positive effects on profitability. At the same time health and water projects generated negative or insignificant returns which suggests that strategic fit between donation activities as well as community priorities affects their effectiveness. Companies engage in corporate giving for multiple reasons which include fulfilling ethical duties to host communities, building social legitimacy and public approval, improving the company name as well as brand image, responding to stakeholder pressures from government along with civil society, securing social license to operate in community territories in addition to accessing tax deduction benefits provided under Nigerian tax laws for approved charitable donations. Ahmed and Ibrahim (2024) explain that CD in Nigeria often target facilities gaps left by weak government provision which means companies substitute for public services while gaining goodwill that protects their operations from community conflicts as well as rule restrictions. Yet CD create financial trade offs because philanthropic spending reduces retained earnings available for investment back into the firm, dividend distribution or debt servicing which may limit short-term profitability with special focus during periods of economic strain. Anichebe (2025) reported a negative relationship between CSR spending and profitability in consumer goods firms which creates issues about whether donation programmes deliver financial value matching with their costs. In this study CD are measured as the total amount spent on community development projects, charitable contributions and philanthropic activities as disclosed in the annual statements of Guinness 2015-2024.

2.1.5 Profitability

Profitability means the basic ability of a firm to generate money gains from its business operations by earning revenues that exceed the total costs made in producing goods or delivering services within a stated period by Akinninyi (2025). This concept is a primary objective for business firms. The reason is that profitability decides survival of the firm, helps growth through investment back into the firm, attracts investor money, supports employee welfare and allows contribution to broader economic development through taxation as well as job creation. The significance of profitability extends beyond its number form as a ratio. The reason is that it captures the efficiency with which management converts operational resources into lasting financial returns, reflecting decisions about cost control, revenue generation, capital allocation and strategic position together.

Profitability is measured through multiple measures which include absolute measures such as profit after tax and earnings before interest as well as tax that show monetary profit amounts together with relative measures such as return on assets, return on equity along with NPM that express profitability as ratios enabling comparison across firms in addition to time periods regardless of organisational size. Njoku et al. (2025) explain that return on assets measures the efficiency with which a company converts its total assets into profit, return on equity shows the return generated for shareholder investment and NPM indicates the proportion of revenue kept as profit after all expenses are paid. These different profitability measures serve different research purposes. The reason is that investors focus on return on equity to assess value for shareholders creation, managers monitor NPM to assess operational efficiency and creditors study profit after tax to establish debt servicing capacity.

Profitability in manufacturing firms depends on many factors which include revenue growth driven by sales volume and pricing strategies, cost efficiency achieved through production optimisation as well as expense control, capital framework decisions affecting interest costs, operational scale enabling economies of production, market position along with competitive edges, management quality in addition to strategic decision-making as well as outside conditions such as economic growth, inflation rates along with regulatory policies by Umaigba et al. (2025). For Nigerian breweries profitability faces strain from multiple sources which include rising costs of imported inputs due to fall in the naira, intense competition among main players limiting pricing power, high taxation reducing earnings after tax, facilities gaps increasing distribution costs and CSR expectations requiring large optional spending that reduces retained profits. Onyinyechukwu (2025) argues that sustainable profitability requires balancing short-term performance with long-term stakeholder relationship management because firms that give up social responsibilities for quick profit maximisation risk losing legitimacy and operational stability. In this study profitability is the wider idea within which NPM is examined as the specific dependent variable measured for Guinness across the ten-year period 2015-2024.

2.1.6 Net profit margin

NPM is a financial measure that measures the percentage of revenue remaining as profit after all operating costs, interest charges, taxes and other costs have been deducted from total sales revenue within a specific accounting year by Akinninyi (2025). It is calculated by dividing net profit after tax by total revenue and multiplying the result by one hundred to express the outcome as a percentage which gives a common measure for comparing profitability across firms of different sizes as well as across different time periods. NPM shows the general cost efficiency of a firm because it captures the combined effects of production costs, operating costs including CSR expenditures, financing costs and tax duties on final profitability by Njoku et al. (2025). This ratio differs from gross profit margin which considers cost of sales and from operating profit margin which excludes interest as well as tax because NPM shows the full outcome available to shareholders after all claims have been satisfied. In the Nigerian brewery industry net profit margins have faced important strain in recent years. The reason is that rising costs of raw materials, packaging inputs, energy and distribution coupled with foreign Exchange instability as well as high taxation reduced the proportion of revenue converted into final profit by Agusto et al (2025). NPM serves multiple research purposes which include investor assessment of firm profitability and financial health, managerial evaluation of cost control effectiveness as well as operational efficiency, inter firm comparison of competitive performance within the same industry along with trend study to identify improvement or deterioration in profitability over successive periods. Onyinyechukwu (2025) notes that NPM operates as a broad performance indicator because it brings together revenue generation capacity with cost management discipline across all organisational activities. Yet NPM has weaknesses because it can be influenced by accounting choices, one time gains or losses and tax planning strategies that may not reflect real operational performance as well as it does not account for capital employed or asset base which means firms with similar margins may differ to a large degree in return on investment. Umaigba et al. (2025) recommend using NPM alongside other financial ratios such as return on assets and return on equity to gain a full picture of organisational performance. In this study NPM is the dependent variable measured as net profit after tax divided by total revenue for Guinness across each financial year 2015-2024.

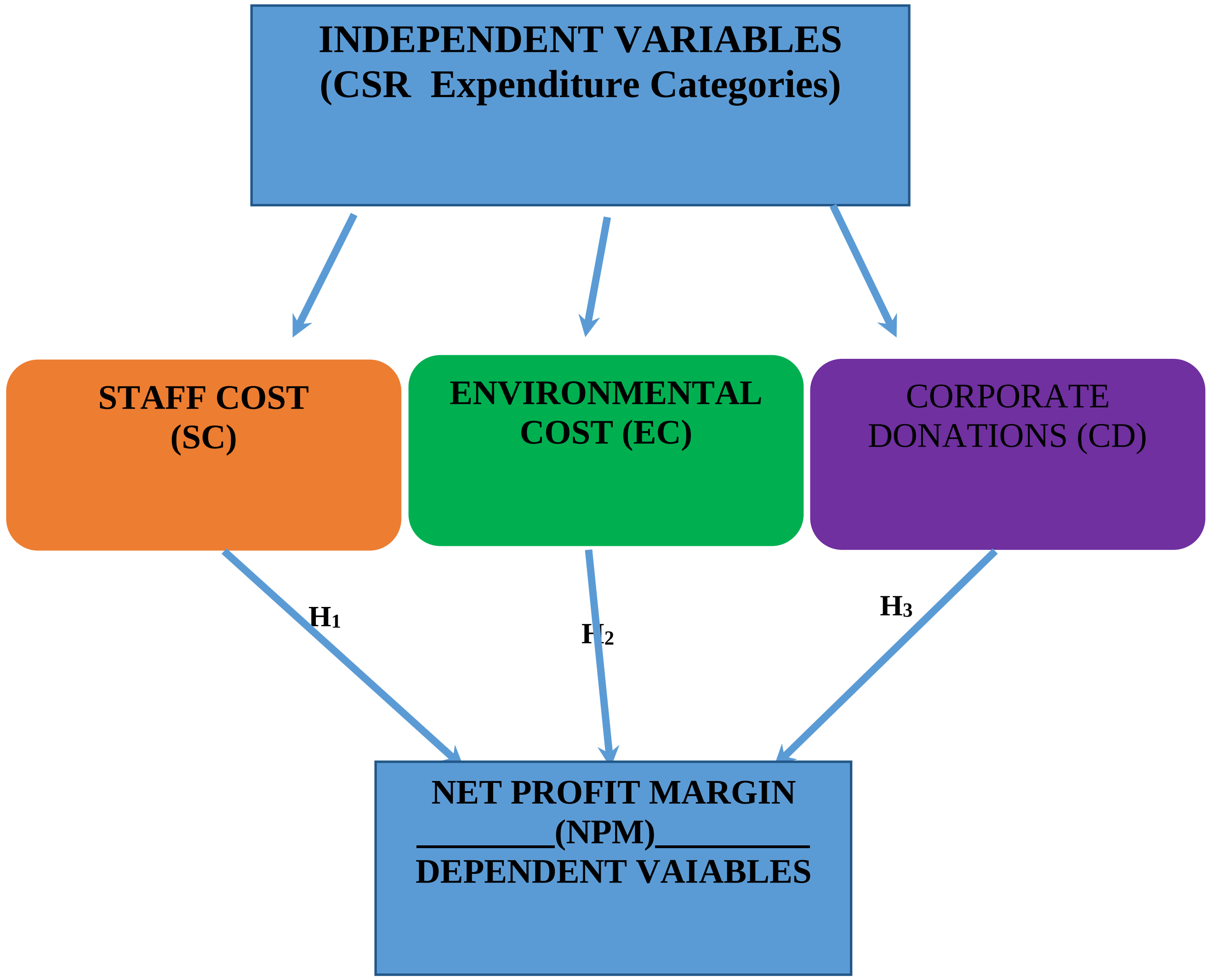
2.1.7 Brewery firms in Nigeria

breweries are manufacturing firms engaged in the production, distribution and sale of alcohol drinks such as beer, stout, lager as well as malt drinks through fermentation processes involving water, barley, hops, yeast along with other ingredients within industrial scale facilities by Olatunji and Arowoshegbe (2022). The Nigerian brewery industry includes main companies including Nigerian Breweries Plc, Guinness and International Breweries Plc which as a group contribute large value to national economic output through employment generation, tax revenue, agricultural demand for raw materials. Omodero (2022) explains that brewery operations involve capital heavy processes requiring important investment in production equipment, storage facilities, quality control laboratories and distribution networks which create high entry barriers that limit competition to old firms with strong financial capacity. The industry operates under strict rule oversight from agencies such as the

National Agency for Food and Drug Administration and Control which monitors product quality and safety, the Federal Inland Revenue Service which administers taxation as well as the Advertising Practitioners Council of Nigeria which regulates alcohol marketing to protect public health. Nigerian breweries face unique operational problems which include dependence on imported raw materials such as barley and hops that expose firms to foreign Exchange instability, high water use that creates environmental issues as well as community tensions, high energy costs for refrigeration along with production processes, complex distribution logistics across different geographical land in addition to strong stakeholder expectations for CSR engagement. Nnorom and Onyeizugbe (2022) note that brewery companies attract particular CSR scrutiny. The reason is that alcohol products carry social issues, production processes generate environmental effects and firms derive large economic benefits from host communities which create moral duties for return support. Recent industry performance shows mixed results because total sector revenue reached about two trillion naira in 2024 yet profitability declined across main players due to cost inflation that outpaced revenue growth by Agusto et al. (2025). breweries show large CSR activities which include water care programmes to reduce consumption and support community water access, employee welfare schemes providing competitive compensation as well as development chances, environmental sustainability initiatives for waste recycling along with emission reduction in addition to community development projects supporting education, healthcare as well as facilities as documented by Kingsley et al. (2019). In this study Guinness serves as the main brewery firm because it maintains a long operating history, comprehensive CSR programmes, available to the public financial data and strong market presence within the Nigerian brewery sector.

Figure 2.1 below illustrates the conceptual framework for this study, showing the hypothesised relationships between the three CSR expenditure categories as independent variables and net profit margin as the dependent variable.

CONCEPTUAL FRAMEWORK



Source: Researcher’s Conceptualisation, 2026

2.2 Theoretical review

2.2.1 Stakeholder theory

Stakeholder theory was developed by R. Edward Freeman in 1984 through a framework that challenged the old shareholder-focused view of corporate responsibility by arguing that firms must consider the interests of all groups affected by their work including employees, customers, suppliers, communities, governments and shareholders by Freeman (2015). The theory explains that firms operate within networks of relationships where stakeholder support decides long term survival and success which means managers must balance conflicting demands from multiple groups rather than increasing wealth of shareholders alone. The practical form of stakeholder theory suggests that firms adopting stakeholder centred strategies achieve better performance because satisfying different stakeholder needs enhances reputation, reduces operational risks, improves resource access and strengthens competitive position by Awa et al. (2024). This theory contains many main ideas which include the recognition that stakeholders possess valid claims on organisational resources, the belief that stakeholder satisfaction contributes to creation of firm value and the understanding that effective stakeholder management requires open communication as well as ethical actions. of Freeman original model identified main stakeholders whose participation remains needed for firm survival such as employees and customers together with secondary stakeholders who effect or are influenced by the firm such as communities as well as advocacy groups. Later scholars refined the theory through concepts such as stakeholder importance which prioritises stakeholders based on their power, legitimacy and urgency as developed by Mitchell as well as colleagues. Critics state that stakeholder theory does not give enough clarity in defining which stakeholders deserve priority and gives insufficient guidance for resolving conflicts between conflicting stakeholder interests which creates implementation problems for managers seeking clear decision rules. Despite these issues, stakeholder theory remains to a wide degree used in CSR research because it explains why firms spend in employee welfare, environmental care and community development beyond legal requirements. Ahmed and Ibrahim (2024) show that stakeholder theory fits Nigerian business contexts where firms face strong expectations from host communities, regulatory bodies as well as civil society firms.

2.2.2 Legitimacy theory

Legitimacy theory emerged from the work of Mark Suchman in 1995 through an institutional view that views legitimacy as a view made by society that organisational actions align with broader systems of norms, values and beliefs within society by Suchman (1995). The theory rests on the concept of a social contract between firms and society where firms receive permission to work as well as access to resources in Exchange for meeting social expectations regarding their behaviour along with contributions. Legitimacy is not an objective condition but rather a social judgement granted by stakeholders who assess whether company actions conforms to their standards of appropriate behaviour which means firms must on a continuous basis monitor social expectations and adapt their practices to maintain approval. Suchman identified three forms of legitimacy which include pragmatic legitimacy arising when stakeholders benefit through direct means from organisational activities, moral legitimacy emerging when society believes the firm does the right thing and cognitive legitimacy existing when the firm becomes accepted as normal as necessary as well as appropriate within its environment. Gray et al. (2014) explain that firms employ various legitimacy management strategies which include gaining legitimacy through conforming to social expectations, maintaining legitimacy by adapting to changing norms and repairing legitimacy after crises through corrective steps as well as open communication. The theory suggests that CSR disclosure serves as a legitimation tool because firms use reports and sustainability statements to show compliance with social expectations as well as explain their continued operation. Legitimacy theory faces criticism because legitimacy remains difficult to measure through evidence and the theory assumes firms respond as a response to social pressures rather than before strain comes shaping social norms as well as some scholars question whether firms in actual practice change behaviour or manipulate perceptions through symbolic steps. Despite these limits legitimacy theory explains CSR patterns in developing economies where weak institutions create legitimacy gaps that firms fill through free choice social support. Ahmed and Ibrahim (2024) show that Nigerian firms engage in CSR in part to gain legitimacy from communities as well as regulators who hold important power over operational continuity. In this study legitimacy theory explains why Guinness invests in staff welfare, environmental sustainability and community donations as means for securing social acceptance that protects profitability through reduced conflicts, rule support as well as stakeholder support.

2.2.3 Carroll CSR pyramid theory

The Carroll CSR pyramid theory was introduced by Archie B. Carroll in 1991 through a layered model that categorises corporate social responsibilities into four levels which include economic duty requiring firms to be profitable, legal duty requiring obedience to laws, ethical duty expecting right actions in moral terms and giving duty encouraging voluntary contributions to society by Carroll (1991). The pyramid framework in its original form suggested that economic duty forms the foundation because firms must remain viable in financial terms before fulfilling other duties. At the same time giving duty occupies the apex as a wanted but optional activity. Carroll (2016) later clarified that the pyramid should not imply a strict order of importance but rather a need to consider all four responsibilities together because firms must balance profitability with legal compliance, ethical standards and social support within joined strategies. The theory assumes that businesses exist in the main to produce goods and services in a profitable way while also serving broader social purposes which means economic performance as well as social responsibility are supporting rather than conflicting objectives. Each responsibility level addresses different stakeholder expectations where economic duty satisfies shareholders and employees through financial survival, legal duty meets government as well as rule demands, ethical duty fulfils social expectations for fairness along with justice in addition to giving duty responds to community needs for voluntary assistance. The theory gives practical use because it helps managers categorise CSR activities, allocate resources across responsibility areas and communicate CSR duties to stakeholders through planned frameworks. Later scholars proposed changes which include stakeholder-based interpretations linking each responsibility to specific groups, cultural changes questioning whether the hierarchy applies in every society across societies and integration perspectives arguing that responsibilities are dependent on each other rather than separate layers. Critics question the pyramid because it treats ethical and philanthropic duties as optional additions rather than core duties as well as shows Western cultural values that may not transfer to different institutional contexts along with assumes potential conflicts between economic in addition to social goals. Despite these critiques, The Carroll pyramid remains important in CSR research and practice because of its simple nature as well as comprehensive coverage. Omodero (2022) used the pyramid to classify CSR activities in Nigerian breweries and found that education as well as community projects reflect giving duty while environmental initiatives embody ethical duty. In this study The Carroll pyramid explains how different CSR spending categories relate to profitability by examining whether ethical and philanthropic spending on staff welfare, environmental care as well as CD supports or constrains economic duty measured through NPM.

2.2.4 Shareholder theory (Friedman doctrine)

Shareholder theory became known through the important 1970 article of Milton Friedman arguing that the main responsibility of business is to increase profits as much as possible for shareholders within legal and ethical limits. The reason is that managers act as agents for owners and must use corporate resources to advance shareholder interests by Friedman (1970). The theory rests on the premise that shareholders bear remaining risk by investing capital without guaranteed returns which entitles them to remaining profits after all other stakeholders receive contractual payments such as wages for employees and interest for creditors. Friedman contended that managers who divert resources toward social projects unrelated to profitability violate their duty of trust. The reason is that they impose in effect taxes on shareholders by spending corporate funds on non business purposes that should be addressed by governments through public policy. The theory assumes that society benefits most when firms focus on profit maximisation because competitive markets channel self interested behaviour toward effective resource allocation, economic growth and job creation. At the same time governments address social problems through taxation and regulation. Shareholder theory accepts that firms must obey laws and adhere to ethical norms but rejects voluntary CSR expenditures that do not serve strategic business purposes or enhance value for shareholders. Some modern scholars developed enlightened value for shareholders perspectives suggesting that firms may consider stakeholder interests as a tool when such attention in the end benefits shareholders through improved reputation, employee productivity or reduced regulatory risk. Critics state that shareholder theory is too narrow. The reason is that it ignores negative outside harms imposed on society, overlooks long-term loss of value from short-term profit focus and fails to recognise that firms depend on broader stakeholder cooperation for sustainable success. Empirical research questions the Friedman doctrine by demonstrating that CSR often has a positive correlation with performance which suggests social spending need not reduce profitability. Yet some studies support shareholder theory by finding negative CSR-profitability relationships in cases where CSR expenditures lack strategic fit or occur during financial distress. Anichebe (2025) reported negative effects of CSR spending on profitability in Nigerian consumer goods firms which aligns with shareholder theory predictions that social expenditures divert resources from productive uses. In this study shareholder theory gives an opposing view for hypothesis testing. The reason is that it predicts that SC, EC and CD will affect NPM in a negative way by increasing expenses without matching revenue gains whereas stakeholder theory predicts positive relationships through indirect benefits.

This study is based on the stakeholder theory as its theory base because it gives a broad explanation for the relationship between CSR expenditures and profitability in Nigerian breweries. of Freeman (2015) stakeholder theory states that firms achieve better performance when they meet different stakeholder needs through strategic investments in employee welfare, environmental sustainability and community development. The theory is appropriate for this study. The reason is that it explains why Guinness allocates resources to SC, EC and CD as ways to build stakeholder support that protects profitability through improved reputation, reduced operational conflicts, improved employee productivity as well as stable social licence to operate within host communities.

2.3 Empirical review

Ngwa et al (2025) studied the effect of CSR activities on firm profitability in Nigeria using secondary data from reports of ten selected companies covering 2019 to 2024. The study examined how CSR engagement affects profit after tax across Nigerian firms from different sectors. Based on stakeholder theory, the research used Ordinary Least Squares regression for data analysis. CSR activities served as the independent variable while firm profitability measured through profit after tax represented the dependent variable. The findings showed that CSR activities have a positive effect on firm profitability, suggesting that strategic CSR investment builds stakeholder relationships that translate into sustainable results. The study concluded that firms allocating resources to CSR programmes benefit through improved reputation, customer loyalty and operational stability. The study recommended that Nigerian firms should increase their CSR activities and fit them with strategic purpose linked to main business aims to realise financial returns that can be measured.

Musa and Ibrahim (2025) studied CSR as well as performance of listed manufacturing firms in Nigeria examining the relationship between CSR activities along with profitability measures. The aim was to establish how CSR engagement affects return on assets and return on equity across manufacturing companies listed on the Nigerian Exchange Limited. The study used stakeholder theory and adopted an ex post facto design using secondary data from reports covering multiple years. CSR engagement measured through spending and disclosure served as the independent variable while return on assets as well as return on equity represented dependent variables. Panel regression analysis was used to test the stated hypotheses. The findings showed positive and important relationships between CSR as well as both profitability measures showing that firms with stronger CSR duties recorded higher performance. The study concluded that CSR enhances results through improved stakeholder relationships, improved reputation and operational efficiencies that support competitive edge. The study recommended that manufacturing firms should include CSR into strategic planning, increase CSR clear disclosure and focus on stakeholder-oriented initiatives that align with business objectives for stable profitability as well as creation of stakeholder value.

Olanrewaju and Ismaila (2025) examined the effect of CSR on firm performance in Nigeria using pooled data 2015-2019. The study examined how community gifts and donations, occupational health as well as safety spending along with employee welfare spending effect firm performance. It was grounded in stakeholder theory and adopted panel data analysis using secondary data from reports of selected Nigerian firms. Community gifts, health and safety costs as well as employee welfare represented independent variables while firm performance served as the dependent variable. Ordinary Least Squares panel regression was used for data analysis across the five-year period. The findings showed that community gifts and donations created positive as well as important effects on firm performance while occupational health along with safety in addition to employee welfare expenditures generated negative effects on profitability. The study concluded that outward-facing CSR benefits firms through reputation enhancement and community support while internal CSR may create money burdens without quick productivity returns. The study recommended prioritising community-centred CSR initiatives and reassessing the design as well as cost framework of internal CSR programmes to optimise performance.

Anichebe (2025) studied the effect of CSR expenditures on profitability of selected consumer goods companies in Nigeria 2014-2023. The study examined how total CSR spending affects return on assets across ten years of operations. The study used stakeholder theory and adopted an ex post facto design using secondary data from audited reports of seven consumer goods firms listed on the Nigerian Exchange Limited. CSR spending served as the independent variable while return on assets represented the dependent variable. Panel regression analysis was used to test the hypothesis at the five percent significance level. The findings showed a negative and important relationship between CSR spending as well as return on assets showing that CSR costs outweighed money gains in the period. The study concluded that CSR did not improve profitability for the sampled firms it may be that due to weak strategic fit, wasteful spending or unavoidable trade offs between social investment and financial returns. The study recommended that firms should Assess CSR cost effectiveness with care, remove unproductive CSR programmes and link CSR initiatives more with a close link with main business aims to enhance results.

Muhammad et al (2024) studied CSR cost and performance of quoted oil as well as gas companies in Nigeria 2018-2023. The study examined how community development cost and employee benefits cost affect NPM as well as return on investment of selected oil along with gas firms. The research used an ex post facto research design using secondary data from audited reports of nine quoted oil and gas firms. Community development cost and employee benefits cost served as independent variables while NPM as well as return on investment represented the dependent variables. Multiple regression analysis was used using SPSS version 27. The findings showed that all CSR cost proxies much related with NPM and return on investment of the listed oil as well as gas firms in the period. The study concluded that strategic CSR investment in community development and employee welfare generates financial returns that can be measured for firms operating in high effect sectors. The study recommended that firms should maintain planned CSR programmes linked to operational strategy and disclose CSR expenditures with openness to build stakeholder confidence.

Ahmed, Kabiru et al (2024) examined the effect of CSR on the performance of manufacturing companies in Nigeria using data spanning 2013 to 2022 for firms listed on the Nigerian Exchange Group. The research used a quantitative and ex post facto research design using secondary data from published reports of sampled companies. CSR spending served as the independent variable while return on capital employed, earnings per share and NPM formed the dependent variables. Multiple regression analysis was conducted using STATA version 13 for data analysis. The findings showed that CSR does not have a significant in statistical terms effect on return on capital employed, earnings per share or NPM. The study concluded that CSR engagement in Nigerian manufacturing firms had not created money gains that can be measured within the study period, it may be that because of insufficient strategic fit between CSR activities and operational priorities. The study recommended the exploration of additional financial metrics and industry specific analysis to understand the broader effect of CSR on manufacturing firm performance.

Aliyu and Bako (2024) examined the effect of CSR disclosure on performance of listed manufacturing firms in Nigeria 2015-2022. The study examined how human resource disclosure, environmental disclosure, community disclosure and product disclosure affect earnings per share. The study used legitimacy theory and adopted an ex post facto design using secondary data from reports analyzed through content analysis. The independent variables were four CSR disclosure dimensions while earnings per share served as the dependent variable. Fixed effects panel regression was used for data analysis covering eight years of observations. The findings showed that human resource, environmental and community disclosures created positive as well as important effects on earnings per share while product disclosure generated insignificant results. The study concluded that transparent CSR reporting strengthens investor confidence and improves market valuation through improved company name as well as stakeholder trust. The study recommended that manufacturing firms should improve CSR reporting quality, focus on disclosure areas that matter most to stakeholders and include CSR communication into corporate strategy for stable performance.

Ojo and Akinpelu (2024) studied environmental CSR as well as performance of quoted consumer goods firms in Nigeria between 2015 along with 2022. The study examined how environmental CSR measured through spending and disclosure indices affects return on assets as well as return on equity. It was grounded in stakeholder theory and legitimacy theory as well as adopted an ex post facto design with data from sustainability reports along with statements. Environmental CSR spending and disclosure served as independent variables while return on assets as well as return on equity represented dependent variables. Multiple regression analysis was used to test relationships across the eight-year period. The findings showed that environmental CSR created a positive and significant effect on return on assets. However showed no significant effect on return on equity suggesting that environmental investments improve asset efficiency without as a needed result improving equity returns due to broader market affects. The study concluded that environmental CSR benefits firms through cost savings and efficient resource use while equity returns remain influenced by multiple market factors. The study recommended integrating environmental sustainability into core operations rather than treating it as side compliance activity for meaningful financial effect.

Inyang et al (2023) studied CSR and value of industrial goods manufacturing firms in Nigeria using 19 years of secondary data collected from the Nigerian Exchange Group as well as annual financial reports of four selected on purpose industrial goods firms. The study examined how corporate giving, employee welfare package and creditor days effect return on assets as a proxy for corporate performance. Based on stakeholder theory, the research used Ordinary Least Squares panel data regression alongside fixed and random effects models, stationarity tests as well as cross section dependence tests. The findings showed that corporate giving, employee welfare package and creditor days have important positive effects on return on assets. The study concluded that CSR investment, with special focus through corporate giving and employee welfare, is not a threat to profit maximisation but rather a strategic tool that enhances corporate value. The study recommended that firms should keep and increase CSR investments, with special focus in employee welfare as well as community giving, to realise long-term money gains.

Olatunji and Arowoshegbe (2022) studied CSR as well as performance of quoted brewery companies in Nigeria 2010-2020. The study examined the effect of total CSR spending on return on equity and NPM over an eleven-year period. Using stakeholder theory as the theory base, the research adopted an ex post facto design with secondary data obtained from reports of Nigerian Breweries, Guinness and International Breweries. CSR spending formed the independent variable while return on equity and NPM served as dependent variables. Panel regression analysis was used to test the hypotheses at the five percent significance level. The findings showed positive but not significant in statistical terms relationships between CSR spending and profitability measures showing that CSR spending influenced performance with weak force within brewery sector. The study concluded that of CSR financial effect in Nigerian breweries remains modest without strong evidence of immediate profitability gains. The study recommended that breweries should with care Assess the cost benefit effects of CSR investments, focus on high effect programmes and improve communication of CSR efforts to stakeholders for improved legitimacy as well as financial returns.

Nnorom and Onyeizugbe (2022) studied corporate sustainability practices as well as corporate performance of selected breweries in Nigeria from 2015 to 2020. The aim was to establish the effect of sustainability practices on return on equity and market share price of brewery companies. It was grounded in legitimacy theory and adopted an ex post facto design using secondary data from published statements. Sustainability practices served as the independent variable while return on equity and market share price represented dependent variables. Data were analysed using regression techniques to test the stated relationships. The findings showed no significant effect of sustainability practices on performance measures suggesting that environmental and social initiatives failed to produce money gains that can be measured in the period. The study concluded that sustainability activities carried out by Nigerian breweries did not support results due to weak implementation, insufficient stakeholder communication or not enough time for investments to mature. The study recommended that breweries should strengthen alignment between sustainability initiatives and business strategy while improving disclosure practices to realise financial benefits.

Onuoha and Nwachi (2021) assessed the effect of CSR on organisational performance using an ex post facto research design. Second hand data from seventy-five listed non-finance firms were obtained for the period 2010 to 2019. CSR variants of local community disclosure, social donations and gifting, employees training disclosure, as well as health along with safety disclosure were examined alongside performance proxies of gross profit margin, profit before tax margin, return on equity in addition to earnings before tax margin. The each year panel data obtained was analysed using both descriptive and inferential statistics with fixed as well as random effects models. The results indicated that while CSR has a measurable effect on gross profit margin, profit before tax margin and earnings before tax margin, it created insignificant effects on return on equity. The study concluded that CSR spending affects profitability margins through direct means but its effect on equity-based returns depends on broader market and capital framework factors. The study recommended that firms should prioritise CSR dimensions that through direct means reduce costs and improve revenue margins while monitoring equity returns through complementary governance strategies.

Abolo (2021) studied the relationship between employee benefit and NPM of listed manufacturing companies in Nigeria. The study focused with focus on the effect of total employee benefit cost as a part of CSR on the NPM of manufacturing firms. An ex post facto research design was adopted using secondary data extracted from reports of sampled manufacturing companies. Employee benefit cost served as the independent variable while NPM represented the dependent variable. Regression analysis was used for data analysis. The findings showed that employee benefit much links to NPM of listed manufacturing companies in Nigeria, showing that investment in employee welfare has direct effects for the profitability performance of manufacturing firms. The study concluded that employee benefit spending is a critical determinant of NPM because it affects workforce productivity, operational efficiency and cost framework together. The study recommended that manufacturing firms should optimise their employee benefit programmes to balance competitive compensation with profitability sustainability.

Agbiogwu et al (2016) studied the effect of environmental and staff costs on performance of Nigerian manufacturing companies. The study examined the effect of environmental and SC expenditures on return on capital employed, earnings per share, NPM as well as dividend per share. An ex post facto research design was adopted using secondary data obtained from the reports of sampled manufacturing firms. Environmental and staff costs formed the independent variables while the four performance measures served as dependent variables. Regression analysis was used to test the stated relationships. The key findings showed an important negative relationship between environmental and staff costs as well as return on capital employed along with earnings per share. At the same time it revealed an important positive relationship between environmental and staff costs as well as NPM along with dividend per share. The study concluded that environmental and SC investment improves net profitability by reducing rule penalties as well as improving the company name, even while increasing capital costs. The study recommended that government should grant tax credits to firms that comply with environmental laws to reduce environmental costs and that environmental reporting should be made compulsory in Nigeria.

Omodero (2022) conducted a literature-based study on CSR accounting and performance of breweries in Nigeria through systematic review of existing research. The aim was to combine past findings, identify patterns, contradictions and gaps in CSR-performance literature within the Nigerian brewery sector. It covered published works without a specific timeframe and drew on multiple theories including stakeholder theory, legitimacy theory as well as The Carroll pyramid model. A systematic literature review design was adopted and secondary sources were analysed through content analysis as well as thematic interpretation. The variables reviewed involved different CSR dimensions as independent variables and many performance measures as dependent variables across multiple studies. The findings showed mixed results because some studies reported positive links between CSR and performance while others recorded negative or insignificant relationships creating inconsistent evidence. The study concluded that CSR-profitability evidence in Nigerian breweries remains unclear due to varied definitions, measurement differences and industry complexities. The study recommended developing standard CSR measurement frameworks, conducting longitudinal studies, pursuing firm-specific investigations and strengthening theoretical development to address conflicting data evidence in future research.

Okafor et al (2022) examined CSR accounting and reporting on performance of firms in the Nigerian brewery sector. The study examined how sustainability accounting disclosure affects the performance of breweries in Nigeria. An ex post facto research design was adopted using secondary data sourced from the statements and sustainability reports of Nigerian Breweries Plc covering 2013 to 2022. Sustainability accounting disclosure served as the independent variable while performance represented the dependent variable. Ordinary Least Squares regression was used for data analysis. The findings showed that sustainability reporting has a positive and significant effect on the performance of the brewery firm studied. The study concluded that CSR accounting and disclosure strengthens stakeholder confidence as well as translates into money gains that can be measured for Nigerian breweries. The study recommended that brewery companies should make CSR accounting mandatory and ensure comprehensive disclosure in their reports to support community wellbeing as well as enhance performance.

Kingsley et al (2019) studied the effect of CSR on organisational performance of quoted firms with focus on Nigerian Breweries Plc from 2014 to 2018. The study examined how public health development, education support and water development initiatives effect profit after tax. Using stakeholder theory as the theoretical framework, the research adopted an ex post facto design with secondary data extracted from reports. The independent variables were CSR dimensions including health, education and water projects while profit after tax served as the dependent variable. Ordinary Least Squares regression was used for data analysis. The findings showed mixed results because education-based CSR alone created an important positive effect on profit after tax while public health and water development initiatives generated negative or insignificant effects. The study concluded that not all CSR activities improve performance because each dimension provides different strategic benefits. The study recommended that breweries should prioritise CSR areas with clear financial effect rather than spreading resources across activities that fail to enhance profitability.

Nkechinyere and Nnenna (2016) examined the effect of CSR reporting on profitability of Nigerian manufacturing firms 2004-2013. The aim was to study the relationship between CSR disclosure and net profit across companies listed on the Nigerian Stock Exchange. The research used an ex post facto design using secondary data from reports of selected manufacturing companies. CSR disclosure served as the independent variable while net profit represented the dependent variable. The study used stakeholder theory and used correlation as well as regression analysis techniques to test the relationships. Data were sourced from published statements of the sampled firms. The findings showed a positive and important relationship between CSR reporting as well as net profit showing that firms disclosing CSR activities recorded stronger results. The study concluded that CSR reporting enhances stakeholder trust and company name which translates into improved performance. The study recommended that Nigerian manufacturing companies should increase CSR disclosure in their reports to support public confidence and profitability.

Adesunloro et al (2019) studied CSR reporting and performance with a study of Nigerian Breweries Plc. The study examined the effect that CSR reporting had on the performance of Nigerian Breweries Plc as a single-firm case analysis within brewery sector. A descriptive research design was adopted using secondary data obtained from the reports and published statements of Nigerian Breweries Plc. CSR reporting formed the independent variable while performance represented the dependent variable. Regression analysis was used to test the relationship between the variables. The findings showed that CSR reporting has a positive effect on the performance of the sampled brewery firm. The study concluded that CSR disclosure strengthens public confidence, builds investor trust and enhances the legitimacy of brewery operations which as a group support improved results. The study recommended that breweries should keep and expand their CSR reporting practices in reports as well as sustainability statements to reinforce stakeholder confidence along with improve long-term performance.

Onyeka and Nwankwo (2016) examined the effect of CSR on profitability of Nigerian manufacturing firms 2004-2013. The study examined how CSR investment affects net profit across manufacturing companies operating in Nigeria. An ex post facto research design was adopted using secondary data obtained from reports and statements of sampled manufacturing firms. CSR served as the independent variable while NPM served as the dependent variable. Regression analysis was used for data analysis. The findings showed that CSR has a positive and significant effect on the net profit of manufacturing firms in Nigeria, showing that as companies add to the social wellbeing of the communities where they operate, it with a positive effect affects their returns in terms of profit. The study concluded that CSR investment reinforces the accumulating body of empirical support for its positive effect on performance. The study recommended that Nigerian manufacturing firms should increase their CSR investments and improve disclosure of social responsibility activities to keep as well as improve profitability performance.

2.4 Summary of literature review

Table 2.1 below presents a summary of the twenty empirical studies reviewed in this chapter.

Table 2.1: Summary of empirical studies

No.	Author(s) & Year	Title	Key Variables	Methods	Major Findings
1	Ngwa et al (2025)	The Influence of Corporate Social Responsibility (CSR) Activities on Firm Profitability in Nigeria	IV: CSR activities; DV: Firm profitability (PAT)	Ex-post facto, OLS regression	CSR activities positively influence firm profitability
2	Musa & Ibrahim (2025)	Corporate Social Responsibility and Financial Performance of Listed Manufacturing Firms in Nigeria	IV: CSR engagement; DV: ROA, ROE	Ex-post facto, panel regression	Positive significant relationships between CSR and profitability
3	Olanrewaju & Ismaila (2025)	Empirical Study of Effect of Corporate Social Responsibility on Firm Performance in Nigeria	IV: Community gifts, health & safety, employee welfare; DV: Firm performance	Panel data, OLS regression	Community CSR positive; health and employee CSR negative
4	Anichebe (2025)	Effect of Corporate Social Responsibility Expenditures on the Profitability of Selected Consumer Goods Companies in Nigeria	IV: CSR expenditure; DV: ROA	Ex-post facto, panel regression	Negative significant effect of CSR on ROA
5	Muhammad et al (2024)	Corporate Social Responsibility Cost and Financial Performance of Quoted Oil and Gas Companies in Nigeria	IV: Community development cost, employee benefits cost; DV: Net profit margin, ROI	Ex-post facto, multiple regression	All CSR proxies significantly related to net profit margin and ROI
6	Ahmed et al (2024)	Corporate Social Responsibility and Financial Performance: Evidence from Manufacturing Sector in Nigeria	IV: CSR expenditure; DV: ROCE, EPS, NPM	Ex-post facto, multiple regression (STATA)	CSR has no statistically significant influence on ROCE, EPS or NPM
7	Aliyu & Bako (2024)	The Impact of Corporate Social Responsibility	IV: HR, environmental,	Ex-post facto, panel	HR, environmental

Table 2.1 continued

		Disclosure (CSRD) on the Financial Performance of Listed Manufacturing Firms in Nigeria	community, product disclosure; DV: EPS	regression	and community disclosures positively affect EPS
8	Ojo & Akinpelu (2024)	Environmental Corporate Social Responsibility and Financial Performance of Quoted Consumer Goods Firms in Nigeria	IV: Environmental CSR expenditure and disclosure; DV: ROA, ROE	Ex-post facto, multiple regression	Positive relationship with ROA; insignificant with ROE
9	Inyang et al (2023)	Corporate Social Responsibility and Value of Industrial Goods Manufacturing Firms in Nigeria	IV: Corporate giving, employee welfare, creditor days; DV: ROA	Causal comparative, OLS panel regression	Corporate giving and employee welfare have significant positive effects on ROA
10	Olatunji & Arowoshegbe (2022)	Corporate Social Responsibility and Financial Performance of Quoted Brewery Companies in Nigeria	IV: CSR expenditure; DV: ROE, NPM	Ex-post facto, panel regression	Positive but insignificant relationships
11	Nnorom & Onyeizugbe (2022)	Corporate Sustainability Practices and Corporate Financial Performance of Selected Breweries in Nigeria	IV: Sustainability practices; DV: ROE, share price	Ex-post facto, regression	No significant influence of sustainability on financial performance
12	Onuoha & Nwachi (2021)	Corporate Social Responsibility and the Performance of Non-Finance Firms in Nigeria	IV: Community disclosure, social donations, employee training, health & safety; DV: Gross profit margin, PBT margin, ROE, EBT margin	Ex-post facto, fixed and random effects regression	CSR significantly affects profit margin measures but not ROE
13	Abolo (2021)	Employee Benefit and Net Profit Margin of Listed Manufacturing Companies in Nigeria	IV: Employee benefit expense; DV: Net profit margin	Ex-post facto, regression	Employee benefit significantly relates to net profit margin
14	Agbiogwu et al (2016)	Impact of Environmental and Social Costs on Performance	IV: Environmental	Ex-post facto,	Significant positive

		of Nigerian Manufacturing Companies	and social costs; DV: ROCE, EPS, NPM, DPS	regression	relationship between environmental costs and NPM; negative with ROCE and EPS
15	Omodero (2022)	Corporate Social Responsibility Accounting and Financial Performance of Breweries in Nigeria	Multiple CSR-performance studies	Literature review	Inconsistent findings across studies; research gaps identified
16	Okafor et al (2022)	Corporate Social Responsibility Accounting and Reporting on Financial Performance of Firms in the Nigeria Brewery Sector	IV: CSR reporting; DV: Financial performance	Ex-post facto, OLS regression	Sustainability reporting has positive and significant effect on financial performance of brewery firms
17	Kingsley et al (2019)	Impact of Corporate Social Responsibility on Organizational Performance of Quoted Firms – The Brewery Sector: Evidence of Nigerian Breweries Plc 2014–2018	IV: CSR dimensions (health, education, water); DV: Profit after tax	Ex-post facto, OLS regression	Mixed results; only education CSR positively related to profitability
18	Nkechinyere & Nnenna (2016)	The Impact of Corporate Social Responsibility Reporting on Profitability of Nigerian Manufacturing Firms	IV: CSR disclosure; DV: Net profit	Ex-post facto, regression	Positive significant relationship between CSR reporting and profitability
19	Adesunloro et al (2019)	Corporate Social Responsibility Reporting and Financial Performance: A Study of Nigerian Breweries Plc	IV: CSR reporting; DV: Financial performance	Descriptive research design, regression	CSR reporting has positive effect on financial performance of Nigerian Breweries Plc
20	Onyeka & Nwankwo (2016)	The Impact of Corporate Social Responsibility on Profitability of Nigerian Manufacturing Firms	IV: CSR; DV: Net profit	Ex-post facto, regression	CSR has positive and significant impact on net profit of manufacturing firms

Source: Researcher’s compilation, 2026.

The reviewed literature demonstrates that scholars have studied to a wide degree the relationship between CSR and performance in Nigeria through different method approaches as well as theory frameworks. Studies by Nkechinyere and Nnenna (2016), Onyeka and Nwankwo (2016), Aliyu and Bako (2024), Ngwa et al. (2025) in addition to Musa and Ibrahim (2025) reported positive relationships between CSR activities along with profitability measures which align with stakeholder theory predictions that stakeholder centred investments enhance results through improved reputation, stakeholder trust in addition to operational efficiencies. Yet, studies such as Anichebe (2025) and Olanrewaju and Ismaila (2025) found negative relationships between certain CSR expenditures along with profitability suggesting that social spending can reduce financial returns in cases where initiatives lack strategic fit or occur during periods of financial constraint. Research with focus on the brewery sector including Kingsley et al. (2019), Nnorom and Onyeizugbe (2022) as well as Olatunji and Arowoshegbe (2022) produced mixed results or results that are not significant in statistical terms showing that CSR results in breweries remain sensitive to factors specific to the industry such as capital intensity, environmental pressures in addition to community dependencies that differentiate breweries from other manufacturing sectors.

Despite this large body of research, many important gaps remain not addressed in existing literature which limit full understanding of the CSR-profitability relationship. First, most studies employ broad industry samples covering multiple firms which obscures firm specific patterns and prevents detailed examination of how single companies implement as well as benefit from CSR programmes within their special operating contexts. Second, existing studies not often separate CSR into specific spending categories such as SC, EC and CD which means researchers treat CSR as a single construct despite evidence that different CSR dimensions produce varied financial effects as demonstrated by Kingsley et al. (2019) as well as Olanrewaju and Ismaila (2025). Third, many studies adopt quite short time frames of three to five years which may be insufficient to capture the long term financial effects of CSR investments that often require long periods to mature and generate measurable returns. Fourth, method inconsistencies persist across studies because some researchers measure CSR through spending amounts. At the same time others use disclosure indices or dummy variables which creates comparison problems and contributes to conflicting findings reported in literature reviews such as Omodero (2022). Fifth, Limited attention has been given to NPM as a dependent variable despite its importance as a comprehensive profitability measure that captures the combined effects of all costs including CSR expenditures on final results after all expenses are deducted.

The present study addresses these gaps by focusing on Guinness as a single case study which permits in-depth analysis of firm-specific CSR implementation patterns and their financial effects within a consistent organisational context. It separates CSR into three different spending categories including SC, EC and CD which allows separate examination of how each CSR dimension links to profitability rather than treating social responsibility as a broad idea. It adopts an extended time frame covering ten years 2015-2024 which gives sufficient temporal scope to identify trends, patterns and potential lagged effects that shorter studies might miss. It uses NPM as the dependent variable which provides a comprehensive profitability measure reflecting the proportion of revenue kept after all operating costs, interest charges and taxes are deducted. By addressing these method and idea gaps, this study contributes new data evidence on the CSR-profitability relationship in Nigerian breweries as well as gives practical ideas for management decision making regarding best CSR resource allocation strategies that balance social responsibilities with financial survival aims.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research design

The study used the ex-post facto research design to study the effect of CSR expenditures on the NPM of Guinness Nigeria PLC 2015-2024.It is a time series study which examined the effect of CSR studied by SC (SC), EC (EC) and CD (CD) on profitability measured by NPM (NPM) of breweries in Nigeria.

3.2 Area of study

The geographical focus of this study is Nigeria, a West African country with a population exceeding 200 million people and seen as the largest economy on the African continent with different manufacturing sectors adding to a large degree to national output by the National Bureau of Statistics (2023). It focuses on brewery industry within of Nigeria manufacturing landscape with focus on Guinness which maintains its corporate headquarters at Cocoa Industries Road, Ogba, Ikeja, Lagos State. Lagos was selected as the study location because it serves as of Nigeria commercial capital and hosts the administrative as well as financial operations of Guinness where company records including audited statements along with reports are prepared, reviewed in addition to published. brewery industry was chosen because it faces unique CSR pressures related to water heavy production processes, environmental effects and community expectations which make CSR expenditures with special focus important for operational sustainability as well as stakeholder relations within this sector.

3.3 Population of the study

The population of this study includes all quoted firms operating in Nigeria and listed on the Nigerian Exchange Limited. As of 2025, four(4) main breweries have active listing status which include Nigerian Breweries Plc, Guinness and International Breweries Plc as well as Champions Brewery Plc as documented by Agusto et al. (2025).

3.4 Sample size and sampling technique

The study used purposive sampling as its sampling technique. Purposive sampling is a non probability sampling approach in which the researcher selects on purpose a specific case or set of cases based on set criteria that are considered most important and appropriate for addressing the research objectives by Saunders et al. (2019).

Guinness was selected on purpose as the study firm based on the following criteria: first, the firm has a long and unbroken work history within the Nigerian brewery sector dating back to 1962, providing a large record for longitudinal analysis; second, the company maintains full as well as regular published audited reports that disclose CSR spending categories including SC, EC along with CD separate lines, allowing direct extraction of the required variables; third, Guinness is listed on the Nigerian Exchange Limited in addition to is For this reason subject to mandatory financial disclosure requirements that ensue data reliability as well as rule compliance; fourth, the firm operates broad CSR programme spanning employee welfare, environmental sustainability along with community development which match in a precise way with the three independent variables examined in thus study; fifth, the firm means an important in addition to major player in the Nigerian brewery indudtry whose CSR profitability relationship carries management as well as policy importance for the broader sector.

3.5 Sources of data

This study relied on secondary data obtained from the audited reports and statements of Guinness published for the financial years 2015 to 2024. These reports are prepared in accordance with International Financial Reporting Standards and audited by independent outside auditors which ensures data reliability, accuracy as well as compliance with regulatory requirements. The reports were accessed through the company investor relations portal from the Nigeria Exchange factbook (2025) where all listed companies are required to file their statements for public access. Second hand data was appropriate for this study because it gives objective, verifiable and cost effective information that eliminates bias associated with self reported primary data while offering longitudinal coverage necessary for trend study.

3.6 Method of data collection

The instrument for data collection in this study was the secondary data extraction schedule, which served as the planned tool through which important financial figures were retrieved in an organised way from the audited reports of Guinness each year 2015-2024. This instrument is appropriate for quantitative ex post facto research designs that rely on past financial records because it ensures consistent, objective and verifiable extraction of data across multiple time periods.

The data collection process used four stages in order. In the first stage, the audited reports of Guinness for each year 2015-2024 were identified and retrieved from the company official investor relations portal at Nigerian Exchange Limited factbook. In the second stage, each annual report was reviewed to locate the specific statements and disclosure notes important to the study variables. In the third stage, the following data items were extracted each year: SC from the employee benefit cost line in the income statement; EC from the sustainability and environmental spending disclosures in the notes to the accounts; CD from the CSR as well as community development spending notes; total revenue from the top line of the income statement; along with net profit after tax from the bottom line of the income statement. In the fourth stage, all extracted figures were recorded in a planned Microsoft Excel data sheet organised by financial year and variable, from which NPM was computed as net profit after tax divided by total revenue multiplied by one hundred.

3.7 Model specification

The study used the model of Olatunji and Arowoshegbe (2022) to study the effect between CSR spending components as well as NPM for Guinness. The model specifies NPM as a function of three CSR spending categories: SC, EC and CD.

The functional expression of the model is expressed as:

Profit =f(CSR)…(Equation 1)

NPM = f(SC, EC, CD) … (Equation 2)

Where: CSR = Corporate Social Responsibility; NPM = Net Profit Margin; SC = Staff Cost; EC = Environmental Cost; CD = Corporate Donations.

The mathematical expression of the model is:

$NPM = \beta_0 + \beta_1 SC + \beta_2 EC + \beta_3 CD$ … (Equation 3)

The econometric expression incorporating the error term is:

$NPM_t = \beta_0 + \beta_1 SC_t + \beta_2 EC_t + \beta_3 CD_t + \varepsilon_t$ … (Equation 4)

Where: NPM_t = Net Profit Margin in year t; β_0 = Constant term (intercept); β_1, β_2, β_3 = Coefficients to be estimated representing the effect of each independent variable; SC_t = Staff Cost in year t; EC_t = Environmental Cost in year t; CD_t = Corporate Donations in year t; ε_t = Error term capturing unexplained variation; t = Time period (2015–2024).

3.8 Description of variables

NPM (NPM) The dependent variable measured as the percentage of total revenue remaining as profit after all operating costs, interest charges and taxes have been deducted. It is calculated as (Net Profit after tax ÷ Total Revenue) × 100. NPM indicates the overall profitability and cost efficiency of Guinness.

SC (SC) An independent variable representing the total employee benefit cost made by Guinness during the financial year. This includes salaries, wages, bonuses, pension contributions, gratuities, training expenses and other employment-related costs disclosed in the income statement as well as notes to accounts.

EC (EC) An independent variable representing the total spending on environmental care activities including waste management, water treatment, pollution control, environmental compliance and sustainability initiatives as disclosed in the reports of Guinness.

CD (CD) An independent variable representing voluntary philanthropic contributions and community development expenditures made by Guinness including cash donations, facilities projects, educational scholarships, healthcare support as well as other social welfare spending disclosed in CSR sections or notes to statements.

3.9 A priori expectations

Table 3.1 below presents the a priori expectations for each variable in the model.

Table 3.1: A priori expectations

Variable	**Coefficient**	**Expected Sign**	**Justification**
Staff Cost (SC)	β_1	+ or −	Positive if staff investment improves productivity and performance; negative if wage costs exceed productivity gains.
Environmental Cost (EC)	β_2	+ or −	Positive if environmental spending reduces operational costs and enhances reputation; negative if compliance costs outweigh benefits.
Corporate Donations (CD)	β_3	+ or −	Positive if donations build legitimacy and community support; negative if philanthropic spending reduces retained earnings.

The a priori expectations reflect theory ambiguity because stakeholder theory predicts positive relationships through improved stakeholder support while shareholder theory predicts negative relationships through increased costs. data evidence reviewed shows mixed results across studies suggesting that the direction and significance of relationships may depend on implementation effectiveness, strategic fit as well as context factors specific to Guinness.

3.10 Method of data analysis

Data analysis was conducted using descriptive statistics and inferential statistics using EViews version 13 as well as Microsoft Excel for first data firm. The analysis proceeded through the following stages.

Descriptive statistics: Descriptive analysis was performed to summarise the characteristics of the variables using measures such as mean, standard deviation, minimum and maximum values which provide an overview of central tendencies as well as change in the data. trend study was conducted to study patterns in CSR expenditures and NPM over ten years through line graphs as well as tables.

Regression Analysis: Ordinary Least Squares (OLS) multiple regression was used as the primary analysis method to test the hypotheses and estimate the model parameters. OLS regression decides the effect of each CSR spending category on NPM while controlling for other variables in the model. The regression output gives coefficient estimates, standard errors, t-statistics, p-values and R-squared values which indicate the explanatory power of the model.

Diagnostic tests: Many diagnostic tests were performed to ensure the validity as well as reliability of regression results including normality tests to verify that residuals follow normal distribution, multicollinearity tests using Variance Inflation Factor (VIF) to check for high correlations among independent variables, heteroscedasticity tests to assess constant variance of error terms and the Durbin-Watson test to detect serial correlation in residuals.

Hypothesis testing: Each hypothesis was tested at the 0.05 significance level (95% confidence level). A null hypothesis was rejected when the p-value fell below 0.05 showing a relationship that is significant in statistical terms between the independent variable and NPM. The decision guide states: if $p\text{-value} < 0.05$, reject H_0 and conclude that an important relationship exists; if $p\text{-value} \geq 0.05$, fail to reject H_0 as well as conclude that no important relationship exists.

The results were presented in tables containing regression coefficients, t-statistics, p-values, R-squared values and diagnostic test results with accompanying interpretations explaining the practical importance as well as statistical importance of findings.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Data Presentation

This chapter sets out the analysis of the secondary data collected from the audited reports of Guinness 2015-2024. The data from this data source are presented by aid of tables and graph illustrations for clarity purposes. The variables presented include NPM, SC, EC, CD, revenue, and net profit after tax. The presentation of the data is followed by graphical presentation to show the movement trend among the variables in the period.

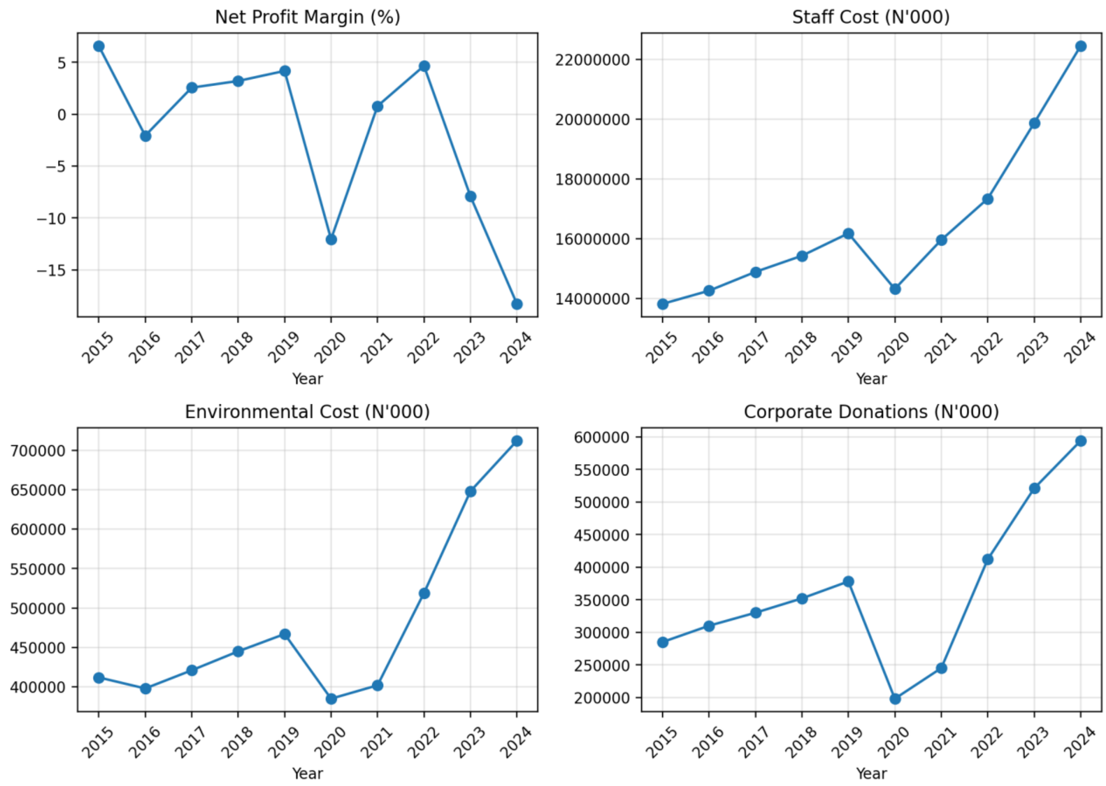
Table 4.1: Data for Net Profit Margin, Staff Cost, Environmental Cost, Corporate Donations, Revenue, and Net Profit after Tax of Guinness Nigeria PLC from 2015 to 2024

Year	NPM (%)	SC (N)	EC (N)	CD (N)	Revenue (N)	NPAT (N)
2015	6.578	13,820,000	412,000	285,000	118,495,882	7,794,899
2016	-2.071	14,260,000	398,000	310,000	117,801,000	-2,440,000
2017	2.556	14,890,000	421,000	330,000	125,133,000	3,198,000
2018	3.198	15,430,000	445,000	352,000	126,595,000	4,049,000
2019	4.170	16,180,000	467,000	378,000	131,498,373	5,483,732
2020	-12.051	14,320,000	385,000	198,000	104,376,015	-12,578,818
2021	0.783	15,960,000	402,000	245,000	160,416,257	1,255,338
2022	4.654	17,340,000	519,000	412,000	198,049,000	9,218,000
2023	-7.918	19,870,000	648,000	521,000	229,440,861	-18,168,041
2024	-18.287	22,450,000	712,000	594,000	299,489,774	-54,766,776

Source: Researcher’s Compilation from Guinness Nigeria PLC audited annual reports, 2015-2024.

Table 4.1 presents the annual data used for the analysis. Net profit margin was computed as net profit after tax divided by total revenue multiplied by 100, while staff cost, environmental cost, and corporate donations were taken as CSR expenditure components. The table shows that Guinness Nigeria PLC moved between profit and loss positions during the period, with positive margins in 2015, 2017, 2018, 2019, 2021, as well as 2022, but negative margins in 2016, 2020, 2023, along with 2024. The CSR expenditure variables in general terms increased over the period, after 2021 in particular, while profitability weakened with a sharp movement in the final two years. The pattern suggests that the relationship between CSR expenditure and profitability is not positive by a fixed process; rather, profitability appears to have been shaped by broader cost, finance, as well as macroeconomic pressures alongside CSR spending.

Figure 4.1: Graphical Analysis Results for Net Profit Margin, Staff Cost, Environmental Cost, and Corporate Donations from 2015 to 2024



Source: EViews-style graphical output generated from the study dataset, 2026.

Figure 4.1 shows that net profit margin followed a changing pattern over the ten-year period. The firm recorded a positive margin in 2015 before falling into a loss position in 2016. Profitability recovered between 2017 and 2019, but it declined with a sharp movement in 2020, a period associated with broader operational disruption. Even though a short recovery appeared in 2021 and 2022, profitability deteriorated again in 2023 as well as reached its weakest point in 2024. The pattern confirms that profitability did not follow the same upward path as the CSR expenditure variables, which is useful for interpreting the regression result.

SC displayed a in general terms rising trend, Even though it declined in 2020 before rising at a steady pace afterward. This movement suggests that employee related spending increased with inflation, operational expansion, and workforce duties. EC also increased over the period, with a temporary fall in 2020 and a stronger rise from 2022 to 2024. This trend is consistent with the idea that brewery operations require continued environmental spending due to water use, waste treatment, and sustainability duties. CD showed a similar upward pattern, Even though donations declined in 2020 before recovering in a strong way. The combined graph evidence For this reason shows that CSR spending grew over time, while profitability became more unstable. This divergence supports the need for regression analysis rather than relying on visual trend patterns alone.

4.2 Data Analysis

4.2.1 Descriptive Statistics

Table 4.2: Descriptive Statistics

	NPM____	SC N(000)	EC__N_000_	CD__N_000_
Mean	-1.838800	16452000	480900.0	362500.0
Median	1.669500	15695000	433000.0	341000.0
Maximum	6.578000	22450000	712000.0	594000.0
Minimum	-18.28700	13820000	385000.0	198000.0
Std. Dev.	8.249613	2759335.	112986.2	121198.0
Skewness	-0.922481	1.187092	1.179825	0.644345
Kurtosis	2.521548	3.258763	2.910349	2.561649
Jarque-Bera	1.513667	2.376546	2.323327	0.772030
Probability	0.469150	0.304747	0.312965	0.679760
Sum	-18.38800	1.65E+08	4809000.	3625000.
Sum Sq. Dev.	612.5050	6.85E+13	1.15E+11	1.32E+11
Observations	10	10	10	10

Source: EViews output, 2026.

The descriptive statistics give an overview of the behaviour of the variables. Net profit margin had a mean value of -1.84% (SD = 8.25), indicating that average profitability was negative over the study period. The median value of 1.67% suggests that half of the observation were above this value while the negative mean indicates that some years of substantial losses reduced the overall average profitability. The minimum value of -18.29% and maximum value of 6.58% show wide profitability fluctuation. The distribution of NPM was skewed toward the negative side (skewness = -0.92), indicating that the extreme observations were concentrated on the loss side. The Jarque-Bera result was not significant in statistical terms (JB = 1.51, p = .469), suggesting that the NPM series did not depart to a significant degree from normality.

Staff cost averaged N16.45 billion (SD = N2.76 billion), with values ranging from N13.82 billion to N22.45 billion. The positive skewness of 1.19 indicates that higher staff cost observations were concentrated toward the later years, while the kurtosis value of 3.26 suggests a distribution with a small peak. The Jarque-Bera statistic was not significant (JB = 2.38, p = .305), indicating no severe normality problem. Environmental cost had a mean of N480.90 million (SD = N112.99 thousand), with a minimum of N385.00 thousand and a maximum of N712.00 thousand. Its positive skewness of 1.18 reflects that in relative terms higher environmental expenditures occurred in a few years during the study period. At the same time the kurtosis value of 2.91 indicates that the distribution was close to normal.The Jarque-Bera test was not significant (JB = 2.32, p = .313), indicating that the environmental cost series did not violate to a significant degree the normality assumption. Corporate donations averaged N362.50 thousand (SD = N121.20 thousand), ranging from N198.00 thousand to N594.00 thousand. The positive skewness of 0.64 indicates a slight concentration of higher donation values in a few observations, while the kurtosis value of 2.56 suggests a distribution with a small flatness against normal pattern. The Jarque-Bera result was also not significant (JB = 0.77, p = .680), indicating that the distribution of corporate donations did not depart to a significant degree from normality.

4.2.2 Correlation Matrix

Table 4.3: Pearson Correlation Matrix

Variables	NPM	SC	EC	CD
NPM	1.000000	-0.627097	-0.582351	-0.424576
SC	-0.627097	1.000000	0.973481	0.916699
EC	-0.582351	0.973481	1.000000	0.963278
CD	-0.424576	0.916699	0.963278	1.000000

Source: EViews output, 2026.

The Pearson correlation results indicate negative associations between net profit margin and the three CSR expenditure variables. NPM had a moderate negative correlation with staff cost ($r = -.63$), environmental cost ($r = -.58$), and corporate donations ($r = -.42$). This preliminary result indicates that higher CSR expenditures tended to move with lower profitability during the period. However, correlation does not establish causality and does not control for the simultaneous movement among the independent variables. The correlation among the explanatory variables was high: staff cost and environmental cost were with strong force correlated ($r = .97$), environmental cost as well as corporate donations were also with strong force correlated ($r = .96$), along with staff cost in addition to corporate donations were with strong force correlated ($r = .92$). These high correlations made it necessary to test multicollinearity through a formal method using VIF before accepting the regression results.

4.3 Model Estimation Outcomes per Research Objective

4.3.1 First-Difference OLS Regression Result

Table 4.4: First-Difference OLS Regression Result

Dependent Variable: NPM

Method: Least Squares

Date: 06/29/26 Time: 11:48

Sample: 2015 2024

Included observations: 10

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	41.36349	19.42609	2.129275	0.0773
SC	-1.32E-06	3.56E-06	-0.370407	0.7238
EC	-0.000135	0.00013	-1.043336	0.337
CD	0.00012	6.91E-05	1.735888	0.1333
R-squared	0.606166	Mean dependent var		-1.8388
Adjusted R-squared	0.40925	S.D. dependent var		8.249613
S.E. of regression	6.340677	Akaike info criterion		6.821022
Sum squared resid	241.2251	Schwarz criterion		6.942056
Log likelihood	-30.10511	Hannan-Quinn criter.		6.688248
F-statistic	3.078286	Durbin-Watson stat		2.037671
Prob(F-statistic)	0.112009			

Source: Eviews output, 2026.

Based on the regression analysis, Table 4.4 indicates that the regression coefficient for (SC) is -1.32E-06, with a t-statistic of -0.370407 and a probability value (p-value of 0.7238). This indicates that SC has a negative effect that is not significant in statistical terms on NPM since the p-value is greater than the 5% significance level (0, 05). For this reason, changes in SC do not have a measurable effect on NPM.

The coefficient for (EC) is -0.000135, with a t-statistic of -1.043336 and a p-value of 0.3370. This suggests that EC has a negative effect that is not significant in statistical terms on NPM because the p-value exceeds 0.05. Hence, EC does not have a measurable effect on the profitability of the firms during the period under study.

The coefficient of (CD) is 0.000120, with a t-statistic of 1.735888 and a p-value of 0.1333. This shows that CD has a positive effect that is not significant in statistical terms on NPM at the level of 5% level, as the p-value is greater than 0.05. Even though the relationship is positive, it is not strong enough to conclude that CD improves profitability to a measurable degree.

The model explained 60.62% of the change in NPM, while the adjusted R-squared value was 40.93% of the change in NPM accounted by the model. The Durbin-Watson statistic of 2.04, which is close to the usual benchmark of 2, suggesting that serious residual auto correlation was in a unlike way, Even though the formal Breusch-Godfrey test was relied upon for final diagnostic confirmation.

4.3.2 Test of Hypotheses

Table 4.5: Summary of Hypothesis Test Results

Hypothesis	Null Statement	Variable	Coefficient	t-Statistic	Probability	Decision
H01	Staff cost has no significant effect on net profit margin	DLOG(SC)	-1.32E-06	-0.370407	0.7238	Do not reject H01
H02	Environmental cost has no significant effect on net profit margin	DLOG(EC)	-0.000135	-1.043336	0.3370	Do not reject H02
H03	Corporate donations have no significant effect on net profit margin	DLOG(CD)	0.000120	1.735888	0.1333	Do not reject H03

Source: EViews output, 2026.

H01 states that SC has no significant effect on NPM of quoted firms. From the regression result that shows that SC has a coefficient of -1.32E06, a t-statistic of 0.370407, and a probability value of 0.7238. Since the probability value is greater than 5% level of significance (0.05), the null hypothesis is not rejected. This implies that changes in SC did not have a measurable effect on changes in the NPM of Guinness in the period.

H02 states that EC has no significant effect on NPM of quoted firms. The result shows that EC has a coefficient of -0.000135, a t-statistic of -1.043336, and a profitability value of

0.3370. Since the p-value is greater than 0.05, the null hypothesis is not rejected. This means that changes in EC did not have a measurable effect on changes in NPM.

H03 states that CD has no significant effect on NPM of quoted firms. The result indicates that CD has a coefficient of 0.000120, a t-statistic of 1, 735888, and a probability value of 0.1333. Since the probability value exceeds the 5% significance level, the null hypothesis is not rejected. Even though the coefficient was positive, the evidence was insufficient to conclude that CD improved to a measurable degree NPM.

4.3.3 Diagnostic Testing

Table 4.6: Diagnostic Tests for the First-Difference OLS Model

Test Type	Variable/ Focus	Test Statistic	Probability	Obs,R-squared	Prob. Chi-Square	Decision
Breusch-Godfrey Serial Correlation LM Test	Residuals	F(1, 4) = 0.112526	.754142	0.246256	.619724	Passed
Breusch-Pagan-Godfrey Heteroskedasticity Test	Residuals	F(3, 5) = 4.126890	.080543	6.410917	.093243	Passed
Jarque-Bera Normality Test	Residuals	JB = 0.275526	.871305	-	-	Passed
Ramsey RESET Test	Model form	F(1, 4) = 0.417993	.553166	-	-	Passed
Variance Inflation Factor	DLOG(SC)	Centered VIF = 4.205775	-	-	-	Passed
Variance Inflation Factor	DLOG(EC)	Centered VIF = 5.646698	-	-	-	Passed
Variance Inflation Factor	DLOG(CD)	Centered VIF = 6.965928	-	-	-	Passed

Source: EViews output, 2026.

The Breusch-Godfrey serial correlation LM test assessed whether the residuals were correlated across time. The result was not significant, F(1, 4) = 0.11, p = .754, and the Chi-square probability was also not significant (p = .620). Therefore, the model showed no evidence of serial correlation. This is important because in seri terms correlated residuals can distort standard errors and weaken the reliability of hypothesis testing.

The Breusch-Pagan-Godfrey heteroskedasticity test examined whether the residual variance was constant. The result was not significant, $F(3, 5) = 4.13$, $p = .081$, with the Obs,R-squared probability also above the 5% level ($p = .093$). Thus, the null hypothesis of homoskedasticity was not rejected. This indicates that the of model error variance was to a sufficient degree stable for valid inference. The Jarque-Bera normality test also produced a non-significant result ($JB = 0.28$, $p = .871$), indicating that the residuals were with a normal pattern distributed. The Ramsey RESET test was not significant, $F(1, 4) = 0.42$, $p = .553$, suggesting that the model did not suffer from serious functional form misspecification. At the final stage, the centered VIF values for DLOG(SC), DLOG(EC), and DLOG(CD) were below the threshold of 10, indicating that multicollinearity was not severe in the final differenced model.

4.4 Discussion of Findings

Research Question 1: What is the effect of staff cost on the net profit margin of quoted brewery firms in Nigeria?

It found that SC did not have a measurable effect on the NPM of Guinness short run. This finding is important because SC is often viewed from two opposing views. From stakeholder theory, spending on employees should improve commitment, productivity, efficiency, and organizational reputation. The stakeholder position of Freeman implies that employees are main stakeholders whose welfare can strengthen firm performance when managed with proper care. From this view, SC should support profitability with a positive effect because a motivated workforce is expected to reduce inefficiency and support stable operations. Yet, the result suggests that the employee cost channel did not translate into an improvement that is significant in statistical terms in NPM during the period.

The result is more consistent with the cost strain interpretation found in shareholder theory, where employee related spending may reduce short-run profitability when wage growth, benefits, and staff duties rise faster than revenue or productivity gains. This is with special focus important for Guinness because the period included years of macroeconomic strain, cost inflation, foreign Exchange instability, and sharp profitability decline. Even if staff spending supported internal welfare, its financial benefit may have been overpowered by finance costs and operating pressures. The finding differs from Abolo (2021) and Inyang et al. (2023), who found that employee welfare as well as employee benefits improved profitability or firm value. It is closer to Olanrewaju and Ismaila (2025), who reported that employee welfare spending could exert a negative effect on performance when the cost framework is not matched by quick productivity returns. For this reason, the result does not mean staff welfare is not important; it means that SC did not operate as an independent short run driver of NPM within the ten-year evidence used for this study.

Research Question 2: What is the effect of environmental cost on the net profit margin of quoted brewery firms in Nigeria?

It found that EC did not have a measurable effect on NPM short run. This outcome requires careful interpretation because environmental spending in brewery operations has both protection and cost effects. Legitimacy theory suggests that firms fund environmental care to secure social acceptance, reduce regulatory strain, and protect their licence to operate. For a brewery firm that depends to a heavy degree on water, energy, waste management, and host-community acceptance, environmental spending can be necessary for business continuity. Yet, the result indicates that the financial effect of this spending was not strong enough to produce a change that is significant in statistical terms in NPM during the period.

The insignificant result may be explained by the time lag between environmental investment and financial return that can be measured. Environmental spending often produces indirect benefits, such as lower regulatory risk, improved reputation, and fewer community conflicts, rather than immediate profit increases. In the short run, such spending may appear as an additional cost, above all when the firm faces Exchange rate losses, rising input costs, and weak margins. This finding aligns with Omodero (2022) and Nnorom and Onyeizugbe (2022), who reported weak or insignificant financial effects of sustainability activities in Nigerian breweries. It contrasts with Ojo and Akinpelu (2024) as well as Agbiogwu et al. (2016), who found that environmental along with staff costs could improve certain profitability measures. The difference may arise because those studies used broader samples or different performance measures, while this study focused on one firm and NPM alone. This suggests that EC is necessary for legitimacy and compliance, but it did not explain to a measurable degree short-run profit margin changes in Guinness.

Research Question 3: What is the effect of corporate donations on the net profit margin of quoted brewery firms in Nigeria?

It found that CD had a positive effect that is not significant in statistical terms on NPM. This means that donation-related CSR moved in a direction consistent with stakeholder and legitimacy expectations, but the strength of the relationship was not enough to support an important profitability effect. CD can strengthen community goodwill, reduce hostility, support brand image, and reinforce the social licence of the firm to operate. The Carroll CSR pyramid places giving duty within the broader duty framework of the firm, and this supports the idea that donations can create reputation value beyond immediate accounting returns.

Yet, the insignificant result shows that goodwill does not by itself become measurable short-run profitability. Donations may improve public perception and community relations, but those benefits may take time to affect sales, cost savings, or margin performance. During periods of heavy finance costs and macroeconomic disruption, the reputational gains from donations may be too small to offset broader profitability pressures. This result in part aligns with Olatunji and Arowoshegbe (2022), who found a positive but insignificant relationship between CSR spending as well as profitability in quoted brewery companies in Nigeria. It also shares some link with Kingsley et al. (2019), whose findings showed that different CSR dimensions produce different results, with some activities producing weak or insignificant effects. Taken together, the result differs from Olanrewaju and Ismaila (2025), who found that community gifts as well as donations improved firm performance to a measurable degree. The implication is that CD may be useful in social terms and valuable in strategic terms. However their financial effect depends on the degree of connection between donations and brand visibility, community stability, customer loyalty, and operational protection.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION, AND RECOMMENDATIONS

5.1 Summary of Findings

The following findings were made concerning the effect of corporate social responsibility on profitability of quoted brewery firms in Nigeria.

a. Staff Cost has no significant effect on the Net Profit Margin of brewery firms in Nigeria.

b. Environmental Cost has no significant effect on the Net Profit Margin of brewery firms in Nigeria.

c. Corporate Donations has no significant effect on the Net Profit Margin of brewery firms in Nigeria.

5.2 Conclusion

The study investigated the effect of corporate social responsibility on profitability of brewery firms in Nigeria and it is concluded that Corporate Social Responsibility cost components, which are Staff Cost, Environmental Cost, and Corporate Donation, did not have an effect that is significant in statistical terms on the profitability of Guinness, as measured by the Net Profit Margin. This implies that Corporate Social Responsibility related expenditures examined in this study did not have a measurable effect on the performance of Guinness in the period. For this reason, the study concludes that the selected Corporate Social Responsibility cost components were not main factors of the profitability of the company within the study period.

5.3 Recommendations

Based on the findings of the study, the following recommendations were suggested:

i. Management of Guinness, above all the Human Resources and Finance Departments, should redesign staff-cost planning around productivity linked results. This can be achieved by tying training, welfare packages, and compensation growth to labour productivity that can be measured, production efficiency, reduction of absence from work, as well as sales support targets.

ii. The Sustainability, Operations, and Environmental compliance units of Guinness should make environmental spending more cost saving focused. This can be achieved by prioritizing water recovery systems, waste reduction technologies, energy efficiency projects, and environmental investments that lower operating costs while maintaining rule as well as community legitimacy.

iii. The Corporate Affairs and Community Relations Department should make CD more strategic as well as result based. This can be achieved by selecting community projects that strengthen brand goodwill through direct means, improve host-community stability, support responsible consumption education, and generate measurable stakeholder benefits that can be reviewed each year by management.

5.4 Contributions to Knowledge

The study contributes by categorizing Corporate Social Responsibility into Staff Cost, Environmental Cost, and Corporate Donation, instead of treating Corporate Social Responsibility as a single broad spending item, as done by many scholars.

5.5 Suggestions for Further Studies

Based on the importance of CSR in promoting the image of corporate bodies, the researcher suggested that the effect of CSR on profitability of service firms in Nigeria be considered.

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Dependent Variable: NPM

Method: Least Squares

Date: 06/29/26 Time: 11:48

Sample: 2015 2024

Included observations: 10

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	41.36349	19.42609	2.129275	0.0773
SC	-1.32E-06	3.56E-06	-0.370407	0.7238
EC	-0.000135	0.00013	-1.043336	0.337
CD	0.00012	6.91E-05	1.735888	0.1333

R-squared	0.606166	Mean dependent var	-1.8388
Adjusted R-squared	0.40925	S.D. dependent var	8.249613
S.E. of regression	6.340677	Akaike info criterion	6.821022
Sum squared resid	241.2251	Schwarz criterion	6.942056
Log likelihood	-30.10511	Hannan-Quinn criter.	6.688248
F-statistic	3.078286	Durbin-Watson stat	2.037671
Prob(F-statistic)	0.112009		