

EDUCATION CORPORATE SOCIAL RESPONSIBILITY COST, AND THE FINANCIAL PERFORMANCE OF DEPOSITE MONEY BANKS IN NIGERIA.

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Abstract

This study investigated the effect of education corporate social responsibility cost on the performance of deposit money banks (DMBs) in Nigeria from 2015 to 2024. Performance which the dependent variable was proxied by return on total asset (ROTA) and return on equity (ROE). The independent variable education CSR cost was proxied by education development cost (EDC). The time series data for this study, were collected from the annual reports of the selected banks and analyzed. Data were tested using panel data regression analysis. The study examines how education development cost, a corporate social responsibility initiative, affect the performance of banks. The findings reveal that Education development cost (EDC) has positive, but statistically insignificant effect on the return on total asset and return on equity. The positive and significant intercept in both models indicates that banks should continue to invest in educational development regardless of short-term financial outcomes. The study recommend that banks' management should integrate education development expenditure into long-term strategic and operational planning, regardless of short-term profitability fluctuations.

Introduction

Background of the Study

Business operations have dynamically changed from the traditional objectives of profit maximization to the maximization of the welfare of all interest groups. Consequently, organizations now strived to meet up with international standards if they must remain relevant in the modern business environment (Oladele & Tedekan 2024). Local and international investors in recent times have redirected focus from merely using profit reports of entities in analyzing their performance, to considering such other global issues such as how corporate responsible a firm is to their immediate environment and other stakeholders.

Every organization has certain responsibilities to perform to impact positively on the immediate community, environment, and the generality of the people within where it is situated and performs its activities. The discharge of these responsibilities by an organization is what is referred to as corporate social responsibility (CSR). It has to do with recognizing the way that some business aftermaths sway adversely on the residents and society and putting necessary measures in place to arrest such negative impact. It is believed by Norris and O'Dwyer (2004) that corporate social obligation means that an enterprise ought to be responsible for any of its activities that affect individuals, communities and its environment.

Corporate social responsibility also called corporate conscience is a corporation's initiatives to assess and take responsibility for the company's effects on environment and social well-being (Roy, 2020). The growing emphasis on corporate social responsibility, driven by evolving stakeholder expectations, regulatory mandates, and societal demands for ethical and sustainable business practices (Upshaw, 2021), underscores its strategic importance for banks. This evolving landscape necessitates that Nigeria commercial banks integrate CSR into their core strategies to achieve a balanced approach that promotes sustainable growth and profitability (Asiedu, Amo and Boakye, 2020).

Statement of the Problem

In the recent years, Corporate Social Responsibility (CSR) seems to have become an increasingly vital aspect of strategic management in the banking sector, particularly for Deposit Money Banks (DMBs). These financial institutions are under growing pressure from stakeholders to engage in socially responsible practices that go beyond profit maximization (Carroll & Shabana, 2010). However, the integration of CSR activities often involves substantial costs, thereby raising concerns about the financial trade-offs and their implications for the performance of banks. Notwithstanding the growing body of literature, that is linking CSR with improved corporate image and long-term sustainability, there remains a significant gap in understanding the cost implications of CSR initiatives and how these expenditures influence the financial performance of DMBs in measurable terms (Adebisi & Lawal, 2020).

In recent times, potential investors and the rest members of the public, now consider how socially responsible corporate firm is, in appraising the firm's general performance. From a traditional perspective, CRS obligation is often viewed as an additional burden that increases a firm's operating costs and, in turn, reduces profit. Conversely, from the contemporary perspective, fulfilling this obligation can foster a peaceful environment that supports smooth and uninterrupted business operations, encourages greater patronage of the firm's products, and ultimately leads to higher revenue and improved profitability. Many research conducted on the effect of corporate social responsibility on financial performance of deposit money banks, showed mixed findings. For instance;

Agbeyinka (2025); Iloma and chuku (2023); investigated corporate social responsibility in education and the performance of deposit money banks. Esther and Innocent (2021); Okon, Ukpong and Uwa (2024); Malik and Nadeem (2022); examined the impact of educational corporate social responsibility on the financial stability of the banking sector. They all found that a significant relationship exist between educational corporate social responsibility expenditure and the performance of deposit money banks. In contrast to this, Okere, Adigun and Rufai (2022); Ejiofor and Emeneka (2022); evaluated the effect of corporate social responsibility on financial' performance of banks, and they found that corporate social responsibility activities lead to no significant differences in performances of DMBs. In view of these conflicting results, this study becomes necessary.

Objectives of the Study

The main objective of the study is to examine the effect of education corporate social responsibility cost on the performance of deposit money banks.

The specific objectives are to:

- I. evaluate the effect of Education development cost on return on equity; and

- II. examine the effect of Educationdevelopment cost on return on total assets

Research Questions

From the objective of the study above, the following are the research questions.

- I. What is the effect of Educationdevelopment cost on return on equity?
- II. To what extent does Education development cost affect return on total asset?

Research Hypotheses

Ho₁: Educationdevelopment cost has no significant effect on the return on equity (ROE).

Ho There is no significant effect of Educationdevelopment cost on the return on total asset (ROTA).

Review Of Related Literature

This section of the study reviews relevant literature onthe subject matter. The review is divided into three main sections: conceptual review, theoretical Review, and empirical review.

Conceptual Review

This study employed education development cost (EDC), as independent variables, while return on total asset (ROTA), and return on equity (ROE) are the dependent variable as shown in fig 2.1 below.

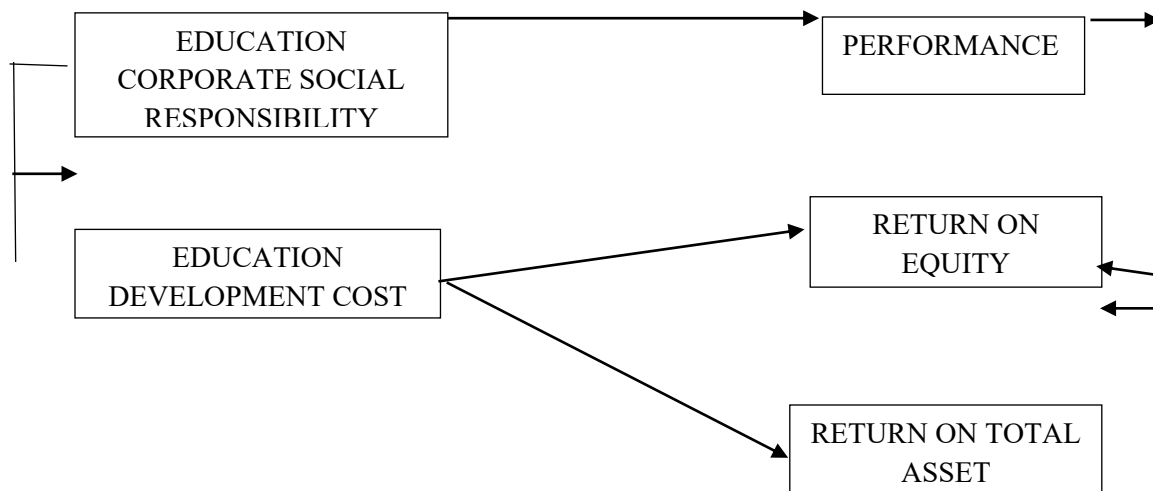


Figure 2.1 Operational Conceptual framework

Source: Researcher’s representation of dependent and independent variables

Concept of Corporate Social Responsibility

Corporate social responsibility (CSR) is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders. The basic focus of CSR concept is to provide prime benefits to employees, environment, customers,

society and shareholders which are considered as stakeholders of the firm. The stakeholders are all interested parties that are directly or indirectly affected by the overall organization processes. The trend of Globalization in every aspect of business organizations, has caused the attentions of corporate entities to shifts from, shareholders interest and the satisfaction of customers' needs, to include other relevant stakeholders that can affect or are affected by company's activities.

Adebisi and fashola (2025) described corporate social responsibility as the act of the organization, responding positively to emerging societal priorities and expectations, conducting business in an ethical way and in the interests of the external environment; and balancing the shareholders' interests with the interests of other stakeholders in the society. Thus the idea of CSR implies how organization can manage its business process to produce an overall positive impact on the society; and also how organizations behave ethically, and contribute to economic development of society, by improving the quality of life of the local community and society at large.

Education Development Cost

Education development cost as a corporate social responsibility initiative involves corporate efforts to enhance educational opportunities and outcomes in the communities where a firm operates. This may include building or supporting schools, providing scholarships, sponsoring vocational training, funding literacy programs, or supplying learning materials. This CSR dimension aligns corporate goals with stakeholder needs and can drive financial performance through multiple channels. When firms sponsor training, workshops, certifications, and other forms of employee education, it builds human capital. This increases workers' knowledge, efficiency, and job performance leading to higher output, lower error rates, and stronger financial performance. Companies that invest in employees' education attract skilled labor and retain existing staff because workers feel valued. Lower turnover reduces recruitment and training costs, improving financial results. Education boosts employee creativity, adaptability, and problem-solving ability. As workers become more skilled, they contribute new ideas and innovations that can reduce costs or create new revenue streams. Education development in host communities (scholarships, school renovations) builds goodwill, reduces community conflict, and leads to a more stable operating environment. From a corporate performance perspective, investing in education can yield both direct and indirect benefits. Directly, it helps create a skilled workforce, which can improve productivity and innovation within the firm. Indirectly, education-focused CSR enhances the company's reputation, fosters community goodwill, and strengthens stakeholder relationships, which can translate into customer loyalty and long-term profitability (Tijani, Adeoye & Alaka, 2022). As highlighted, CSR activities address critical societal needs, like education, generate shared value for both the community and the firm, while enhancing corporate performance.

Firm's Financial Performance

The concept of performance has been extensively studied across disciplines such as management, economics, accounting, and organizational studies. Generally, performance refers to the extent to which an organization achieves its objectives efficiently and effectively. In a corporate context, performance reflects the outcomes of managerial decisions and the effective utilization of organizational resources to generate profits, ensure growth, and maintain competitiveness (Ezejiofor&Emenaka, 2022). Firms commonly use Return on Total Assets

(ROA) and Return on Equity (ROE), among other measures, as key indicators of financial performance.

Measures of Financial Performance: **Return on Total Assets (ROTA)**: *ROTA is a key profitability ratio that measures how efficiently a firm uses its total assets to generate net income. It indicates the profit produced by a company's assets annually and reflects management's ability to convert investments such as buildings, equipment, and inventory into profit.*

Return on Equity (ROE): ROE measures the return earned on shareholders' equity and reflects how effectively a company generates profit from shareholders' investments. It is expressed as a percentage of net income relative to equity, providing insight into the profitability and efficiency of a firm in generating returns for its investors.

Theoretical Review

The theories in the study consist of;

Stakeholders theory

This theory was propounded by R. Edward Freeman in 1984. This is one theory that can be applied to understand the relationship between corporate social responsibility (CSR) and financial performance. This theory posits that organizations operate within a network of interconnected stakeholders, including employees, customers, suppliers, communities, and shareholders, each with their own interests and expectations (Freeman, 1999). This theory argues that corporations should serve all groups or individuals who have a stake in the corporation, typically including employees, customers, suppliers, government bodies, political groups, trade associations etc.

Therefore, Stakeholder Theory suggests that engaging in CSR activities can lead to better relationships with stakeholders, which in turn can positively influence financial performance metrics. This enhanced reputation can translate into higher revenues and profitability, ultimately improving financial performance indicators such as ROTA, NPM and ROE. The theory underscores the notion that companies must balance the interests of all stakeholders to achieve long-term sustainability and success. By incorporating CSR practices that benefit not only shareholders but also employees, customers, and communities, companies can build stronger relationships with stakeholders and create value for society as a whole.

Operational Efficiency Theory

The concept of operational efficiency maximizing output with minimal input—was formalized in the early 20th century through the work of **Frederick W. Taylor**. This theory emphasizes that organizations achieve superior performance when they utilize their resources in the most effective and efficient manner. It suggests that firms which streamline their operations, minimize waste, and effectively allocate resources are more likely to achieve higher profitability and sustainability (Jones & George, 2019). Operational efficiency occurs when the right combination of people, process and technology are utilized to boost the productivity and value of any business operation, while reducing cost of routine operations to a desired level. In the context of corporate social responsibility, operational efficiencies can be achieved by managing impending risks and liabilities more effectively and efficiently through CSR tools and

perspectives by reducing costs; streaming information to stakeholders concerning the investment community for better transparency and by using corporate responsibility and sustainability approaches within business decision making, will result in new markets opportunities.

Agency Theory

The Agency Theory was formally propounded by Michael C. Jensen and William H. Meckling in 1976. The theory explains the relationship that exists between the owners/shareholders and the management. Agency theory arises because of potential conflicts of interest between shareholders and management. Managers may pursue personal goals, such as higher compensation or prestige that do not necessarily align with the profit-maximizing objectives of the shareholders. As a result, monitoring mechanisms and incentives are required to ensure that managers act in the best interest of the owners. The management is the agent appointed by the principal (owner/subsidiary).

Theoretical Framework : While all theories provide very useful insights, this study is anchored on the stakeholders' theory. According to Palmer (2012), corporate executives can improve the efficiency of their firm by aligning the business, to meet the desires of the stakeholders.

Empirical Review

Oluyinka, (2020) Examined Corporate Social Responsibility and Financial Performance of deposit money banks in Nigeria. The Ex-post facto research made use of audited data from 10 banks for a period of ten years. Multiple regression analysis and Ordinary Least Squares (OLS) was used for analysis of data. The research found that Education CSR had a **positive but statistically insignificant effect on ROA**. This indicates weak short-term financial impact.

Adebisi and Fashola (2025) the study explored the impact of corporate social responsibility on the financial performance of selected listed banks in Nigeria. Data from educational CSR and community CSR were used for the study. Secondary data were collected from selected Nigerian-listed banks' annual reports, World Bank fact sheets, Fixed-effect and random-effect regression to analyze data from 10 selected Nigerian-listed banks. The study revealed that education corporate social responsibility expenses do not have any effect on the financial performance of the selected Nigerian-listed banks in Nigeria, since the p-value of this variable showed a positive, insignificant impact.

Abgeyinka (2025) investigate the impact of corporate social responsibility on bank's performance in Nigeria. The ex-post-facto research design was adopted, and the study focused on selected banks. A yearly panel series data from 2007-2016 were sourced from the banks' annual reports and Nigerian Exchange Group. The data was subjected to panel regression analysis to estimate the parameters of the model. The findings revealed that educational CSR have a significant and positive impact on net profit margin, suggesting that firms actively engaged in corporate social responsibility initiatives tend to experience better profitability. The analysis also shows a negative relationship between education corporate social responsibility and earnings per share,

Ukpe, Emenyi, and Umo (2024) published a study examining the effect of corporate social responsibility (CSR) disclosure on the financial performance of industrial goods firms listed in

Nigeria. The study, employed an *ex post facto* research design to examine the relationship between corporate social responsibility disclosure and the financial performance of 12 listed Nigerian industrial goods firms from 2013 to 2022. The study utilized educational CSR expenditure, secondary panel data from annual reports and analyzed it using descriptive statistics and multiple linear regression with Return on Equity (ROE) as the dependent variable. It found that disclosure related to social and relationship, education sponsorship, and public health sponsorship had a positive and significant impact on the firms' financial performance, as measured by return on assets (ROA).

Okon, Ukpong, and Uwah (2024) investigated corporate social responsibilities and the performance of listed deposit money banks in Nigeria. The study used an ex-post facto quantitative research design with secondary data from 12 Nigerian banks from 2013 to 2023. The study analyzed the data using panel quantile regression at the 50th and 75th quantiles to examine the impact of CSR on Earnings per Share. The study found that a firm's market value is significantly affected by its environmental, social, and corporate governance (ESG) disclosures, both collectively and individually.

Adu and Ajigbotoso (2024) the study examined the effect of corporate social responsibility on the financial performance of deposit money banks in Nigeria. Primary data were adopted for this study through the administration of some copies of questionnaire. The OLS regression was used to analyze the data and it was found out that there is no significant relationship between health Corporate Social Responsibility initiatives and the return on assets of commercial banks in Nigeria.

Aktar and Zabin (2024) evaluated the impact of corporate social responsibility on the financial stability of the banking sector in Bangladesh. The authors studied 20 commercial banks listed on stock exchange, using correlation analysis. The study result shows that there is a considerable positive relationship between the CSR and financial performance of the firm, and firms spending on CSR not only benefits from continuous long-term sustainable development but also enjoy enhanced financial performance.

Sharma and Chakraborty(2023) researched corporate social responsibility and financial performance: does CSR strategic integration matter? This study aims to analyse the relationship between Corporate Social Responsibility (CSR) and Corporate Financial Performance (CFP) of Indian firms. Using data from educational and community CSR, this study examined a sample of 134 manufacturing firms listed on the National Stock Exchange of India from 2011 to 2021. The authors used a random effects panel regression model to study how CSR strategic integration affects the CSR-CFP relationship. The findings of this study show a significantly negative impact of educational CSR on CFP, while a positive strategic integration exist.

Methodology

Research Design

This study adopts the ex-post facto research design as it was determined to be more suitable due to the nature of this study being carried out. The ex-post facto research design refers to a type of research design where the investigation begins after the fact has occurred. The adoption of this research design stems from the need to employ secondary data in this study.

Sources of Data

Going by the choice of research design for this study, secondary data was considered most appropriate. Secondary data refers to data available in published sources. Hence, the secondary data for return on equity, return on assets and education development cost, required for this study were obtained from the audited annual and sustainability reports of the selected banks for a period of 10 years from 2015-2024. Where education-related expenditure was not explicitly stated, proportional disaggregation of total CSR spend was used to estimate the education component.

Method of data analysis

The study employed **panel data analysis** technique since the data set comprises both cross-sectional and time series observations. Specifically, the study covered multiple firms over a period of years, thereby combining variations across entities and over time. Other test include diagnostic descriptive statistics, normality test, hausman test for section, which test for the effect from panel analysis, to know which one is appropriate.

Panel data analysis is a statistical technique that involves data observed over multiple entities (such as firms, states, or countries) and over a period of time. It combines both cross-sectional and time-series dimensions, allowing researchers to control for individual heterogeneity and observe dynamic changes across time. According to Gujarati and Porter (2009), Panel data estimation was preferred because it captures both the individual heterogeneity of the firms and the dynamic nature of their performance over time.

Model specification

A model refers to a simple presentation of reality or system. The model of this study is built or structured to establish the functional relationship between corporate social responsibility and firm's financial performance. Given the linearity of the variables, two linear regression models were developed, the models are specified as follows; financial performance = $F(EDC)$

Model 1:

Education Cost and Return on Total Assets

$$ROTA_{it} = \beta_0 + \beta_1 EDC_{it} + \varepsilon_{it}$$

Model II:

Education Cost and Return on Equity

$$ROE_{it} = \beta_0 + \beta_1 EDC_{it} + \varepsilon_{it}$$

Where:

EDC = Education development cost

ROTA = Return on Total Asset

ROE = Return on equity

β_0 = The constant term or intercept

β_1 = Coefficient of the independent variable

Σ = Error term

Data Presentation, Analysis And Interpretations

Data Presentation

This section shows the analysis of the study, carried in numerous steps to establish the reliability and accuracy devoid data misinterpretation The analysis used are; diagnostic descriptive statistics, normality test, Panel least Square regression, hausman test for section which test for the effect from panel analysis which one is appropriate The data spans period from 2015 to 2024.

Raw and logged Data

YEAR	BANK	EDC	ROA	ROE	LEDC	LROA	LROE
2015	ZENITH	438	3.03	17.1	2.641474	0.48144263	1.23299611
2016		455	2.74	17.56	2.658011	2.6580114	1.24452451
2017		472	3.11	21.36	2.673942	0.49276039	1.32960125
2018		498	3.25	20.36	2.697229	2.69722934	1.30877777
2019		515	3.29	20.75	2.711807	0.5171959	1.3170181
2020		541	2.72	19.76	2.733197	2.73319727	1.29578694
2021		198	2.58	19.76	2.296665	0.41161971	1.29578694
2022		884	1.82	16.07	2.946452	2.94645227	1.20601588
2023		1426	3.33	33.69	3.15412	0.52244423	1.52750101
2024		342	2.66	29.68	2.534026	2.53402611	1.4724639
2015	ACCESS	315	3.95	19.74	2.498311	0.5965971	1.29534715
2016		336	4.22	23.09	2.526339	2.52633928	1.36342393
2017		354	4.53	26.56	2.549003	0.6560982	1.42422807
2018		382	5.62	25.83	2.582063	2.58206336	1.41212441
2019		410	5.24	25.45	2.612784	0.71933129	1.40568779
2020		495	4.07	24.74	2.694605	2.6946052	1.3933997
2021		221	3.39	18.69	2.344392	0.5301997	1.2716093
2022		239	2.63	16.16	2.378398	2.3783979	1.20844136
2023		268	5.54	34.79	2.428135	0.74350976	1.54145443
2024		294	7.43	44.83	2.468347	2.46834733	1.65156874
2015	FIRST	405	0.36	8.04	2.607455	-0.4436975	0.90525605
2016		423	0.95	6.59	2.62634	2.62634037	0.81888541
2017		441	0.76	6.59	2.644439	0.11918641	0.81888541
2018		468	1.32	11.55	2.670246	2.67024585	1.06258198
2019		496	0.61	5.85	2.695482	0.21467016	0.76715587
2020		522	0.64	6.28	2.717671	2.7176705	0.79795964
2021		231	1.68	16.86	2.363612	0.22530928	1.22685757
2022		248	1.34	13.32	2.394452	2.39445168	1.12450422

2023		266	3.59	35.98	2.424882	0.55509445	1.55606116
2024		289	2.75	20.05	2.460898	2.46089784	1.30211438
2015	UBA	392	1.94	17.37	2.593286	0.28780173	1.23979982
2016		410	2.07	18.12	2.612784	2.61278386	1.25815819
2017		436	1.88	17.5	2.639486	0.27415785	1.24303805
2018		452	1.59	16.11	2.655138	2.65513843	1.20709554
2019		471	1.6	17.04	2.673021	0.20411998	1.23146959
2020		508	1.48	15.72	2.705864	2.70586371	1.19645254
2021		214	1.39	14.74	2.330414	0.1430148	1.16849748
2022		228	1.57	18.34	2.357935	2.35793485	1.26339933
2023		246	2.94	29.94	2.390935	0.46834733	1.4762518
2024		263	2.99	26.4	2.419956	2.41995575	1.42160393
2015	GTB	358	2.54	19.22	2.553883	0.40483372	1.28375338
2016		376	2.06	15.69	2.575188	2.57518784	1.19562294
2017		395	1.51	12.71	2.596597	0.17897695	1.10414555
2018		421	1.92	18.87	2.624282	2.6242821	1.2757719
2019		447	1.36	9.62	2.650308	0.13353891	0.98317507
2020		462	1.22	9.05	2.664642	2.66464198	0.95664858
2021		205	1.37	11.6	2.311754	0.13672057	1.06445799
2022		219	1.1	9.92	2.340444	2.34044411	0.99651167
2023		233	2.32	22.9	2.367356	0.36548798	1.35983548
2024		251	2.24	22.03	2.399674	2.39967372	1.3430145

SOURCES Annual financial report, e-views output

Descriptive statistics

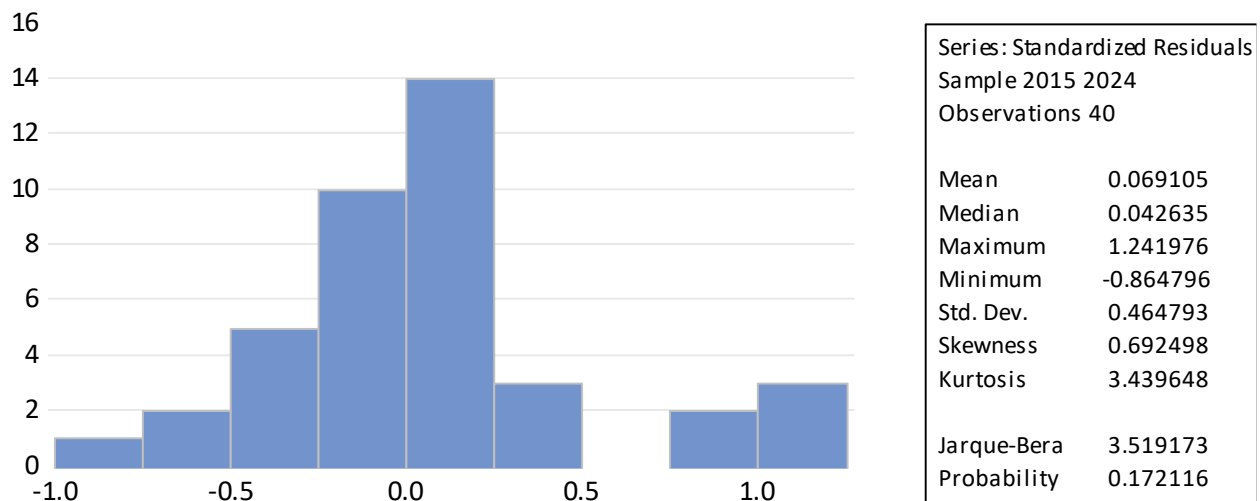
	LROA	LROE	LEDC
Mean	1.472286	1.257095	2.577840
Median	1.550722	1.267504	2.610119
Maximum	2.946452	1.651569	3.154120
Minimum	-0.443697	0.767156	2.296665
Std. Dev.	1.159830	0.207460	0.171769
Skewness	-0.092387	-0.770807	0.800269
Kurtosis	1.217623	3.472870	4.672460
Jarque-Bera	5.351683	4.333637	8.931410
Probability	0.068849	0.114541	0.011497
Sum	58.89144	50.28379	103.1136
Sum Sq. Dev.	52.46301	1.678550	1.150674
Observations	40	40	40

SOURCES E-VIEWS 13

The descriptive statistics for educational development cost (EDC), return on assets (ROA), and return on equity (ROE) provide insights into the distribution, variability, and characteristics of the data over the study period, where ROA and ROE serve as the dependent variables and EDC as the independent variable. The Jarque-Bera statistic of 5.352 with a p-value of 0.0688 suggests that ROA does not significantly deviate from normality, indicating that it is reasonably well-behaved for parametric analysis. For return on equity (ROE), the mean is 1.257 and the median is 1.268, showing a nearly symmetrical distribution. The Jarque-Bera statistic of 4.334 and p-value of 0.1154 suggest that ROE is approximately normally distributed.

The descriptive statistics reveal that educational development costs are relatively stable across firms but influenced by a few high-spending firms, whereas asset returns are highly variable, and equity returns are comparatively consistent. These patterns suggest that while education cost vary across firms, they may not fully explain differences in return on equity and return on assets, and other structural, operational, or external factors could play a more significant role in shaping these relationships.

Normality Test



SOURCES E-VIEWS 13

The histogram and descriptive statistics of the standardized residuals provide insight into the distribution and normality of the residuals from the regression model. The sample consists of 40 observations covering the period 2015–2024. The mean of the residuals is 0.069, and the median is 0.043, which are both close to zero, indicating that the residuals are centered around zero as expected in a well-specified regression model. The standard deviation of 0.465 suggests that most residuals fall relatively close to the mean, with only a few larger deviations. The analysis indicates that the regression model residuals do not deviate significantly from normality, supporting the validity of subsequent inference, hypothesis testing, and regression results.

Panel Least Squares Regression

Dependent Variable: LROA
 Method: Panel Least Squares
 Date: 03/04/26 Time: 10:33
 Sample: 2015 2024
 Periods included: 10
 Cross-sections included: 4
 Total panel (balanced) observations: 40

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.655721	2.808552	-0.233473	0.8166
LEDC	0.825500	1.087148	0.759326	0.4523
R-squared	0.014946	Mean dependent var	1.472286	
Adjusted R-squared	-0.010976	S.D. dependent var	1.159830	
S.E. of regression	1.166178	Akaike info criterion	3.194047	
Sum squared resid	51.67888	Schwarz criterion	3.278491	
Log likelihood	-61.88094	Hannan-Quinn criter.	3.224579	
F-statistic	0.576577	Durbin-Watson stat	3.749966	
Prob(F-statistic)	0.452342			

SOURCES E-VIEWS 13

The panel least squares result, where return on assets (LROA) is the dependent variable and educational development cost (LEDC) is the independent variable, shows that educational development cost has a positive but statistically insignificant effect on firms' financial performance. Therefore, the findings indicate that although educational development cost shows a positive relationship with return on assets, it does not significantly influence the financial performance of the selected firms within the period studied.

Correlated Random Effects - Hausman Test

Correlated Random Effects - Hausman Test
 Equation: Untitled
 Test period random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Period random	0.230493	1	0.6312

SOURCES E-VIEWS 13

The Correlated Random Effects (Hausman) Test result is used to determine whether the Fixed Effects model or the Random Effects model is more appropriate for estimating the relationship

between return on assets (LROA) and educational development cost (LEDC). This result implies that the random effects model is more suitable for the analysis because there is no significant correlation between the explanatory variable (educational development cost) and the unobserved individual effects. Therefore, the Panel EGLS (Random Effects) model provides consistent and efficient estimates for examining the impact of educational development cost on return on assets in the selected firms during the study period.

Test of hypotheses

H₀₁: Educational development cost (LEDC) has no significant effect on return on equity (LROE).

The effect of LEDC on LROE was analyzed using panel least squares, fixed effects, and random effects models. In the random effects model, the coefficient of LEDC was -0.2143 , suggesting that a unit increase in educational development cost is associated with a 0.214 decrease in return on equity. Nevertheless, the probability value was 0.1709, again exceeding the 5% edge, indicating that the negative effect is statistically insignificant. Consequently, we fail to reject null hypothesis, demonstrating that educational development cost does not significantly affect return on equity. The Hausman test result (Chi-square = 0.0658, $p = 0.7975$) confirmed that the random effects model is appropriate for this analysis. This finding disagrees with Okon, Ukpong and Uwah (2024), Agbeyinka (2025) and Ukpe, Emenyi and Umo (2024) who found that education development cost has positive and significant effect on return on equity. This study agrees with the findings of Adebisi, and Fashola, (2025), Adu and Ajigboto (2024) which states that educational CSR financing, does not enhance financial performance.

H₀₂: Educational development cost (LEDC) has no significant effect on return on assets (LROA).

The effect of LEDC on LROA was examined using panel least squares, fixed effects, and random effects models. In the period random effects model, the coefficient of LEDC was 0.0338, indicating that a unit increase in educational development cost is associated with a 0.034 increase in return on assets. However, the probability value was 0.9142, which is greater than the 5% significance level. This implies that the positive effect is statistically insignificant, and which we fail to reject null hypothesis, confirming that educational development cost does not have a significant effect on return on assets in the sampled firms.

Discussion of Findings

The empirical results indicate that educational development cost has a positive but statistically insignificant effect on return on assets and a negative but statistically insignificant effect on return on equity. This suggests that while investing in employee education may theoretically enhance productivity and operational efficiency, these benefits do not immediately translate into measurable improvements in financial performance within the study period. The findings also align with previous research suggesting that the benefits of human capital investment may not be directly reflected in short-term financial metrics, and that other factors such as managerial efficiency, market conditions, and strategic investments may play a more dominant role in determining financial outcomes. Overall, the study demonstrates that although educational

development is essential for strengthening workforce capabilities, it does not exert a statistically significant effect on the financial performance of the selected firms during the period under review.

Summary Of Findings, Conclusion And Recommendations

Summary of Findings

Based on the analysis of data, the following findings emerged:

- I. The result showed that LEDC had a positive but insignificant relationship with LROA and a negative but insignificant relationship with LROE..
- II. The results shows that performance metrics (return on asset and return on equity) are not completely driven by education development cost.
- III. The findings also revealed that banks maintain a baseline level of educational development spending, which appears to be independent of variations in financial performance. In other words, education CSR appears to be a consistent expenditure within the period.

Conclusion

This study evaluated the effect of education corporate social responsibility cost on the performance of selected deposit money banks. Based on the empirical findings, the study concludes that educational CSR cost does not have a statistically significant effect on financial performance measured by return on assets and return on equity among the selected banks during the study period. Although some models showed positive or negative relationships, these effects were not strong enough to be considered significant. This implies that, within the sampled firms, investment in educational development alone does not directly translate into improved profitability.

Recommendations

1. **Strategic Implementation of Educational Spending:** Firms should not only invest in educational CSR, but ensure that such investments are strategically aligned with productivity improvement and operational efficiency to yield measurable financial returns.
2. **Sustained Investment in Educational CSR:** Despite the insignificant statistical relationship with financial performance, banks should continue to invest in education-related CSR because such initiatives contribute to societal development, human capital formation, and long-term economic sustainability and results.
3. **Improved monitoring and evaluation of CSR project:** Banks should implement effective monitoring and evaluation mechanisms for education-related CSR initiatives. This will help ensure that resources committed to educational CSR development generate tangible social impact and possibly improve the bank's reputation and financial outcomes over time.

4. **Complementary Investment Approach:** Educational development cost should be combined with other performance-enhancing strategies such as technological innovation, process improvement, and effective corporate governance.
5. Since educational investments may yield long-term rather than short-term benefits, banks may adopt a long-term evaluation framework and combine education-related CSR with other social investments such as health and community development programs, which could collectively strengthen corporate reputation and indirectly enhance financial performance in the long run.

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