Journal of Data Acquisition and Processing

ISSN: 1004-9037
https://sjcjycl.cn/
DOI: 10.5281/zenodo.778033

HOW DOES FULFILMENT OF SOCIAL AND ECONOMIC RESPONSIBILITIES AFFECT FIRM VALUE?

William Smart Inyang[1]*, Emori Enya Gabriel[2], Florence Onororakpoene Otuagoma[3], Inyang Ochi Inyang[4], Geraldine Banku Mbu-Ogar[5], Rose Emmanuel Eyo[6]

[1*]Senior Lecturer, Ph.D, Email: wismarti@gmail.com, University of Calabar, Department of Accounting, Calabar, Cross River State, Nigeria

[2]Lecturer I, Ph.D, Email: emorienya@yahoo.com, University of Calabar, Department of Banking and Finance, Calabar, Cross River State, Nigeria

[3]Lecturer I, M.Sc, E-mail: florenceflorence821@gmail.com, University of Calabar, Department of Accounting, Calabar, Cross River State, Nigeria

[4]Senior Lecturer, Ph.D, E-mail: inyangochi@gmail.com, University of Calabar, Department of Accounting, Calabar, Cross River State, Nigeria

[5]Lecturer I, M.Sc, E-mail: geraldineokafa@gmail.com, University of Calabar, Department of Accounting, Calabar, Cross River State, Nigeria

[6]Lecturer II, M.Sc, E-mail: roseeyo@gmail.com University of Calabar, Department of Accounting, Calabar, Cross River State, Nigeria

***Corresponding Author:** William Smart Inyang
Email: wismarti@gmail.com

Abstract

Despite the numerous corporate social responsibility-corporate performance relationship studies that have been carried out so far, researchers have not adequately established how sustaining the well-being of employees and how generating the economic welfare of the society affect the value of industrial goods firms in Nigeria, especially as the industrial sector contributes substantially to the economic development of Nigeria. Payment of employees' benefits and corporate tax have been globally acknowledged as contributors to society's social and economic welfare and corporate image booster but, their effects on corporate performance have not been adequately investigated in the industrial goods sector of Nigeria. This study was therefore carried out to fill the foregoing gaps. The study revealed that in Nigeria's industrial goods manufacturing sector, firms were rewarded when they sincerely fulfilled their ethical social responsibility of paying employees benefits but, were not so rewarded when they fulfilled their ethical economic responsibility of paying their corporate taxes. There have been arguments among Nigerian firms about choosing the right social and economic responsibility projects that will enable them to improve their corporate performances. This study therefore, assists managers to understand how payment of employees' benefits and corporate tax boost corporate image, attract investors, increase the demand for company shares, increase share prices and influence corporate performance and this understanding enables firms to position themselves as socially and economically responsible organizations.

Keywords: social responsibility, economic responsibility, employee benefits, corporate tax, corporate performance and return on assets.

JEL Classification: A12, A13, J33, M14

INTRODUCTION

Economic dimensions of corporate social responsibility refers to how firms compete and interact with consumers, employees, tax authorities, community and the environment to influence the economy positively (Jucan & Jucan, 2010). Economic dimension of CSR is the actual purpose of engaging in business while fulfilling other dimensions of CSR remains as a secondary objective (Hamidu et al, 2018).

CSR fulfills various economic responsibilities such as ethical and law-abiding ways of providing goods and services that benefit the economy (Carroll & Shabana, 2010). Corporate institutions contribute to the economic welfare of the society through payment of taxes and employees' entitlements (Jokinen, 2012). Furthermore, firms that satisfy their employees perform better than those that do not and happy workers produce good workers, and this benefits the firm and its shareholders (Edmans, 2016). The way and manner the economic responsibilities influence corporate performance is the current study's focal point.

We have identified the following research gaps in previous studies: (i) industrial goods manufacturing sector of Nigeria has not yet been represented in the study of the effect of economic dimension of CSR on corporate performance (ii) No Nigeria's industrial goods sector study has provided the much needed evidence of the degree of relationship between economic dimension of CSR and corporate performance (iii) No Nigeria's industrial goods sector study has used a period scope of 19 years i.e. 2003 to 2021 and a firm-year observations of 931 used by the current study. The current study is therefore, an attempt to fill the foregoing research gaps. In this study we hypothesized that when employees and the tax authorities are carried along, corporate performance is enhanced in the industrial goods sector of Nigeria.

Statement of the problem

Between the years 2003 and 2021 i.e. 19 years to be precise, the financial statements of seven (7) industrial goods firms in Nigeria revealed a persistent decline in return on assets despite the noticeable increase in social responsibility of providing for the well-being of employees (measured as payment of employee benefits). This scenario therefore suggests that there is no direct link, between the increase in payment of employees' benefits and corporate value (measured as return on assets). During the same period under review, the financial statements of these companies revealed that payment of corporate tax was not in accordance with the prevailing or ideal effective corporate tax rate of 34 percent. The actual tax rates used by these companies consistently increased and decreased in some years suggesting that these companies were not actually fulfilling their ethical economic responsibility of generating the economic welfare of the society through payment of their corporate taxes and at the same time not fulfilling their profit and shareholder wealth maximization objectives. The unproductive and non-rewarding employee benefits and corporate tax payment obligations scenarios revealed above, if not addressed, might lead to bad corporate image, rise in agency costs and risks and conflicts between management and the key stakeholders identified here i.e. employees, tax authorities and shareholders. The foregoing scenarios have therefore prompted this research which central objective was to determine the magnitude to which providing for the well-being of employees and generating the economic welfare of the society through payment of corporate tax, affect the value of firms in the industrial goods sector of Nigeria.

Corporate Institutions and their Economic Responsibilities

Economic responsibilities of corporate institutions can be traced to 17th and 18th centuries Quakers' business idea that was principally not based on maximization of profit and was rather based on the need to benefit society as a whole. Business was therefore, not separated from society but was regarded and treated as part of it (Amaeshi et al, 2006). The authors concluded that because of weak markets and regulatory forces, in most African countries including Nigeria, less demand is made on firms with regards to economic responsibilities.

Corporate institutions have realized that it is profitable in business to do the right thing and it is only within a stable and healthy business environment that long term investment goals can be achieved. A firm's economic responsibility is the practice of positively impacting the environment, people and society while maximizing profits (Stobierski, 2021) e.g. products recycling that lowers cost of materials and benefits society (Oczyszczalnia & Lodzi, 2021) and improving business activities while engaging in sustainable practices (CFI Education Inc., 2022). Firms contribute to the economic welfare of the society when they pay corporate taxes (Knuutinen, 2014)

In Nigeria, the economic dimension of CSR is presently in its infancy and is restricted slightly, to organizations that are big and multinational in nature while Nigeria's ₦770 billion worth consumer goods industry with 158 million strong consumer-base is also embarking on programmes that promote community development and economic welfare (Euromonitor.com, 2011).

Corporate institutions collaborate with civil society organization to generate economic welfare of the society For example, First City Monument Bank (FCMB) partnered with WeForGood and Slum Art Foundation, assembled 200 children in Ijora-Badia slum of Lagos, Nigeria and made them to acquire skills in the Art and Painting of the 17 Sustainable Development Goals (Euromonitor.com, 2011). Economic responsibility is the most sought-after CSR dimension in Nigeria's private sector and is largely linked to the overall well-being of the society (Akin-Ogunbiyi, 2006).

Fulfilment of a Company's Economic Responsibility for Corporate Success

It has been widely acknowledged that corporate success depends on the ability of a company to manage its relationships with key stakeholders (customers, employees, tax authorities, communities and society) and business profitability increases in the long run when a company shares parts of its profits with the community through donations (Eze & Bello, 2016).

A company according to Euromonitor.com (2011) becomes famous as it discloses its CSR activities or programmes and this will ultimately boost the demand for its products while customers easily remember a product manufacturer that has sunk a borehole or built a community school. PZ Cussons's consistent investment in CSR activities in Nigeria gave it a competitive advantage over its rivals and its market share between 2005 and 2010 rose from four to five percentage points with a 150% sales increase from its beauty and home care products (Euromonitor.com, 2011).

Nigerian Dangote Group of Companies records an annual turnover of ₦450 billion with a total packaged food sales of ₦40 billion in 2010 and moved from overall ranking of 8th in 2006 to 3rd in 2010 (Euromonitor.com, 2011). It was further reported by Euromonitor.com that Dangote

Group had actively promoted itself, its corporate vision and image, and concluded that retailers and consumers alike had been seduced by the company's CSR efforts.

Literature Review and Hypotheses Development

In Nigeria and other foreign countries, studies on economic dimension of CSR - financial performance relationship are relatively few. These past studies have attempted to establish whether one proxy of economic dimension of CSR vis-à-vis payment of executive compensation enhances Nigeria's consumer goods firms performance such as greater return on assets (Ibeawuchi & Onuora, 2021), higher profit-after-tax after paying staff salaries and post-employment benefits (Craig et al, 2020) or improved overall firm performance from combined employee benefit system (Zhaohong et al, 2014). Nevertheless economic initiatives of companies don't always lead to the expected results (Farah & Belina, 2016). Employees do not respond well if they discover that their companies are practicing green-washing or are giving false impression of goodness (Donia, 2020).

When CSR was further classified by Nyeadi et al (2018) into social, economic and environmental dimensions, economic dimension affected corporate performance positively while no evidence of any form of relationship was shown by other CSR dimensions. Firms with high workers' satisfaction performed better than firms in the same industry by 2.3% to 3.8% annually with a cumulative long-run stock returns of 89% to 184% (Edmands, 2016). Firms that invest in their workers generally outperform their peers (Bookbinder, 2021). Company's employees that benefit from training and development do better in their job performances (Otuya & Akporien, 2020).

Remuneration improves employees' performance (Anggraini et al, 2018; Kayode et al, 2019). Compensation positively correlated with employee performance organizational performance was enhanced (Kadir et al, 2019; Sastera & Mauludin, 2018). In Albania, reward system impact employees' performance greatly (Satka, 2019). Good performance is enhanced when salary system is used to attract, retain, reward and motivate employees (Oke, 2021; Chron Contributor, 2020).

The economic dimension of corporate social responsibility as adapted from Niskala et al (2009) as cited in Jokinen (2012) is shown in figure 2. On the basis of the foregoing survey of literature, Hypothesis one (H_1) is stated as follows:

H_1: Fulfilment of a company's social responsibility of paying employees' benefits enhances level of corporate performance.

These days, companies try to win stakeholders' confidence and loyalty by displaying their economic activities such as regular and prompt payment of corporate taxes on their websites. Nubia and Okolo (2018) investigated how the economic responsibility of paying corporate taxes improved corporate performance and found that profitability of quoted banks in Nigeria increased when average, marginal and effective tax rates increased. The study carried out by Olaoye and Alade (2019) revealed that education, withholding, corporate and value added taxes had significant positive effects on profit-after-tax.

However, payment of corporate tax revealed significant negative effect on financial performance (Gatsi et al, 2013). Corporate tax had a significant effect on profitability as revealed by the study conducted by Chude and Chude (2015) and this made the authors to conclude that more effective tax administration will improve corporate profitability and the study carried out by Ezugwu and Akubo (2014) revealed that corporate tax rate had a positive effect on profit.

One advantage of paying corporate tax is that it can be strategically avoided to make way for the improvement of corporate performance. Tax avoidance is a legal activity but it should be monitored so that it does not constitute a threat to corporate image. Igbinovia and Ekwueme (2018) demonstrated in their study that corporate tax avoidance of quoted non-financial firms in Nigeria influenced shareholders' returns positively and that liquidity and profitability improved when an effective monitoring tool was put in place. Relationship between avoidance of corporate tax and firm value was also examined by Semaan (2017) and it was found that tax avoidance was perceived as value enhancing activity and this was consistent with the perception that corporate governance becomes worsen when tax rates are higher.

Udeh and Eze (2021) examined how avoidance of company tax affected operating cash flow of firms in Nigeria and found that effective tax rate positively affected operating cash flow in a non-significant manner but significantly affected investing cash flow. This implies that as tax rate decreases, operating and investing activities increase to improve corporate performance. Avoidance of corporate tax is made possible when tax is effectively planned since every corporate organization aims to minimize its tax liability and other related costs (Olarewaju & Olayiwola, 2019; Na, Kang & Lee, 2021; Kurawa & Saidu, 2018).

Figure 1, showing three CSR dimensions (Niskala et al, 2009 as cited in Jokinen, 2012). Based on the foregoing literature survey, hypothesis two (H_2) is therefore, stated as follows:

H2: Fulfilment of a company's economic responsibility of paying corporate tax enhances level of corporate performance.

Objectives of this study

Below are this study's objectives:

Main Objective

To understand how a company's social responsibility of paying employees' benefits and economic responsibility of paying corporate tax influences corporate performance.

Specific Objectives

i. To examine the effect of paying employee benefits on return on assets.

ii. To determine how payment of corporate tax affects return on assets.

Conceptual framework

The conceptual model in figure 2 depicts that economic dimension of CSR contributes to economic welfare of the society and corporate image when corporate organizations pay their employees' salaries and corporate taxes. This model depicts an association between social responsibility, economic responsibility (salaries and tax payments) and corporate performance.

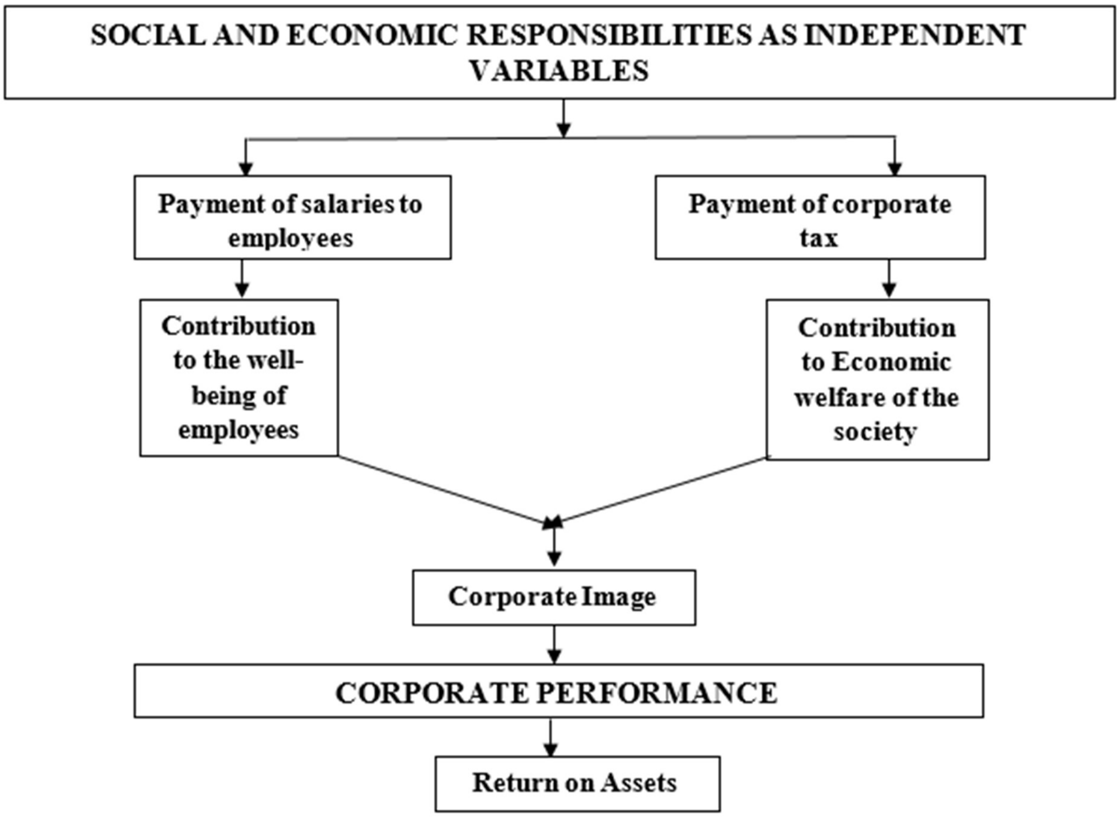

Figure 2: Conceptual model, source: Researcher, 2022.

Theoretical basis of the study

Edward Freeman stakeholder theory (1984) and Bigg's business ethics theory (2004): According to Freeman, corporate success and shareholders' wealth maximization are attainable only when all the stakeholders are satisfied or carried along. Similarly, Bigg argued that ethical behaviour fosters and improves profitability and business relations. According to him, unethical business practices will create problems for the businessman and business organizations. Business operations should not be economically, environmentally and socially harmful to enable firms to achieve corporate success. We are relating the foregoing theories to the current study by investigating how firms' payment of employees' benefits and corporate taxes affect corporate performance.

Methodology

The research design, ex-post facto was used to judgementally or purposefully select a sample of 7 industrial goods firms from a target population of 24 using a time scope of 19 years (2003-

2021). Availability of comprehensive annual reports provided the basis for the foregoing sample size. We excluded firms that did not have up-to-date annual reports. The study used data from listed firms' annual reports and online sources as follows: Wall street Journal, African financials, Investing.com, African Markets, Security and Exchange Commission and Nigerian Exchange Group. Return on assets (dependent variable), employees' benefits and corporate tax (independent variables), total assets, invested capital, book value of equity and number of shares (control variables) were used in the study. Firm-year observations of 931 (7x19x7) and two research models were generated by the researcher after applying the aforementioned sample size, 19-year time scope and seven research variables.

Model specification

The general panel data models generated by the study are stated as follows:

$ROA_{it} = \beta_{oi} + \beta_1 POS_{it} + \beta_2 TAS_{it} + \beta_3 IVC_{it} + \beta_4 BVE_{it} + \beta_5 NOS_{it} + \mu_{it}$ **Model 1**

$ROA_{it} = \beta_{oi} + \beta_1 CTX_{it} + \beta_2 TAS_{it} + \beta_3 IVC_{it} + \beta_4 BVE_{it} + \beta_5 NOS_{it} + \mu_{it}$ **Model 2**

Where:

i = 7 firms: Cutix, Lafarge, Julius Berger, Greif Nig., Prempa, Beta Glass and Meyer Paint.

t = 19 years: 2003 – 2021

ROA_{it} = return on assets of the 7 listed firms for 19 years.

B_{0i} = intercepts of the 7 listed firms

β_1- β_5 = regression coefficients

POS_{it} = payment of salaries of employees of the 7 listed firms for 19 years.

CTX_{it} = corporate taxes paid by the 7 listed firms for 19 years.

TAS_{it} = total assets of the 7 listed firms for 19 years.

IVC_{it} = invested capitals of the 7 listed firms for 19 years.

BVE_{it} = book value of equity of the 7 listed firms for 19 years.

NOS_{it} = number of shares of the 7 listed firms for 19 years.

μ_{it} = the error term representing independent variables not considered in the model of the 7 listed firms for 19 years

DIAGNOSTIC TESTS CONDUCTED FOR ALL THE STUDY VARIABLES AND RESIDUALS IN THE MODELS PRIOR TO REGRESSION ANALYSIS

Table 1: Stationarity Test Results For All Variables Of Interest At 1st Difference

VARIABLES OF INTEREST	TEST METHOD	TEST STATISTIC	P VALUE	NULL HYPO	DECISION CRITERIA	REMARKS
KEY VARIABLES						

ROA (Return on Assets)	ADF - Fisher Chi-square	38.4976	0.0004	There is unit root	Reject H_O if P value < 0.05	Stationary at 1st difference
POS (Payment of Salaries)	ADF - Fisher Chi-square	26.0578	0.0255	There is unit root	Reject H_O if P value < 0.05	Stationary at 1st difference
CTX (Corporate Tax)	ADF - Fisher Chi-square	25.6635	0.0286	There is unit root	Reject H_O if P value < 0.05	Stationary at 1st difference
CONTROL VARIABLES						
TAS (Total Assets)	ADF - Fisher Chi-square	31.3707	0.0049	There is unit root	Reject H_O if P value < 0.05	Stationary at 1st difference
IVC (Invested Capital)	ADF - Fisher Chi-square	33.1394	0.0028	There is unit root	Reject H_O if P value < 0.05	Stationary at 1st difference
BVE (Book Value of Equity)	ADF - Fisher Chi-square	32.4800	0.0034	There is unit root	Reject H_O if P value < 0.05	Stationary at 1st difference
NOS (Number of Shares)	ADF - Fisher Chi-square	26.2121	0.0243	There is unit root	Reject H_O if P value < 0.05	Stationary at 1st difference

Source: Researcher, (2022), Supported by Eviews 9 Stationarity Test Results

The key and control variables as indicated in table 1 were stationary at 1st difference. The two regression models were therefore fit for analysis. The robustness of the research and validity and reliability of the regression models were further confirmed by establishing that the residuals from the regression outputs of these models were stationarity at level as required (see table 2).

Table 2: Stationarity Test Results For The Regression Residuals At Level

REGRESSION RESIDUALS	TEST METHOD	TEST STATISTIC	P VALUE	NULL HYPO	DECISION CRITERIA	REMARKS

RESID FOR MODEL 1	ADF - Fisher Chi-square	31.6138	0.0045	There is unit root	Reject H_O if P value < 0.05	Stationary at level
RESID FOR MODEL 2	ADF - Fisher Chi-square	27.2474	0.0179	There is unit root	Reject H_O if P value < 0.05	Stationary at level

Source: Researcher, (2022), Supported by Eviews 9 Results of Stationarity Test

Table 3: Results Of Cross-Sectional Dependence Test For Regression Residuals

REGRESSION RESIDUALS	TEST METHOD	TEST STATISTIC	P VALUE	NULL HYPO	DECISION CRITERIA	REMARKS
RESID FOR MODEL 1	Pesaran CD	0.285593	0.7752	No cross-section dependence (correlation)	When P value > 0.05, Accept null hypo	No cross-sect dependence
RESID FOR MODEL 2	Pesaran CD Bias Corrected Scaled Pesaran Scaled	-0.565166 1.438664 1.633109	0.5720 0.1502 0.1024	No cross-section dependence (correlation)	when P value > 0.05, Accept null hypo	No cross-sect dependence No cross-sect dependence No cross-sect dependence

Source: Researcher, (2022), Supported by Eviews 9 Cross-section dependence Test Results

Test of hypotheses

Test of hypothesis one:

H_1: Fulfilment of a company's social responsibility of paying employees' benefits enhances level of corporate performance.

After trying the pooled OLS regression, random and fixed effects estimators, table 5 Hausman test result revealed a probability value of 0.0796 higher than .05 indicating appropriateness of random effects model.

Table 4: Random Effects Regression Results

Dependent Variable: ROA
Method: Panel EGLS (Cross-section random effects)
Date: 04/21/22 Time: 10:08
Sample: 2003 2021
Periods included: 19
Cross-sections included: 7
Total panel (unbalanced) observations: 130
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-96466759	6.51E+08	-0.148242	0.8824
POS	0.612049	0.077792	7.867720	0.0000
TAS	-0.191517	0.019448	-9.847784	0.0000
IVC	0.077525	0.022384	3.463453	0.0007
BVE	0.236566	0.022999	10.28598	0.0000
NOS	2.062026	0.420754	4.900788	0.0000

Effects Specification

	S.D.	Rho
Cross-section random	0.000000	0.0000
Idiosyncratic random	6.38E+09	1.0000

Weighted Statistics

R-squared	0.753944	Mean dependent var	3.38E+09
Adjusted R-squared	0.744022	S.D. dependent var	1.28E+10
S.E. of regression	6.48E+09	Sum squared resid	5.20E+21
F-statistic	75.99007	Durbin-Watson stat	2.383097
Prob(F-statistic)	0.000000		

Unweighted Statistics

R-squared	0.753944	Mean dependent var	3.38E+09
Sum squared resid	5.20E+21	Durbin-Watson stat	2.383097

Source: Eviews 9 – Regression Output, 2022

In table 4 the regression model 1 is now written as: $ROA_{it} = -96466759 + 0.612049POS_{it} + \mu_{it}$ representing the relationship between employee benefits and corporate performance. As payment of salary (POS_{it}) or employee benefit increases by 1%, return on assets (ROA_{it}) or corporate performance increases by 61%. The effects of other extraneous variables on the relationship between POS_{it} and ROA_{it} were identified and isolated by the inclusion of TAS ($\beta_2 = -0.191517$), IVC ($\beta_3 = 0.077525$) BVE ($\beta_4 = 0.236566$) and NOS ($\beta_5 = 2.062026$) in the model as control variables. POS, BVE and NOS had significant positive relationships with ROA ($p < .05$, as $p = 0.0000$). Similarly, TAS had a significant negative relationship with ROA ($p < .05$, as $p = 0.0000$) while the relationship between IVC and ROA was positively significant ($p < .05$, as $p = 0.0007$). The regression model 1 output shows an R squared of 0.753944 indicating a high variation in ROA that can be explained by POS, TAS, IVC, BVE and NOS. The unexplained variation in ROA of 0.246056 represents the residuals of the regression model 1. The reliability of the model was further confirmed by the stationarity of the regression residuals at level and further supported by the fact that these residuals passed the cross-section dependence test shown on table 3.

Table 5: Hausman Test Results Showing The Appropriateness Of Random Effects Model

Correlated Random Effects - Hausman Test
Equation: RANDOMEFFECTSROAPOS
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	9.848964	5	0.0796

** WARNING: estimated cross-section random effects variance is zero.

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
POS	0.400883	0.612049	0.006132	0.0070
TAS	-0.202235	-0.191517	0.000029	0.0481
IVC	0.106084	0.077525	0.000089	0.0025
BVE	0.238319	0.236566	0.000023	0.7141
NOS	1.755957	2.062026	0.017934	0.0223

Source: Eviews 9 – Hausman Test Results, 2022

Test of hypothesis two:

H2: Fulfilment of a company's economic responsibility of paying corporate tax enhances level of corporate performance.

The pooled OLS regression, fixed effects and random effects estimators were tried while the Hausman test result revealed a probability value of 0.0000 ($p < .05$) confirming the appropriateness of fixed effects.

Table 6: Regression Output Of How Corporate Tax Affects Corporate Performance

Dependent Variable: ROA
Method: Panel Least Squares
Date: 04/21/22 Time: 09:31
Sample: 2003 2021
Periods included: 19
Cross-sections included: 7
Total panel (balanced) observations: 133

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.69E+09	7.38E+08	4.996245	0.0000
CTX	-0.980066	0.205417	-4.771099	0.0000
TAS	-0.195466	0.018514	-10.55758	0.0000
IVC	0.189757	0.025359	7.482967	0.0000
BVE	0.234587	0.022106	10.61172	0.0000
NOS	0.351224	0.433324	0.810534	0.4192

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.782911	Mean dependent var	3.30E+09
Adjusted R-squared	0.763176	S.D. dependent var	1.27E+10
S.E. of regression	6.16E+09	Akaike info criterion	48.00774
Sum squared resid	4.60E+21	Schwarz criterion	48.26853
Log likelihood	-3180.515	Hannan-Quinn criter.	48.11372
F-statistic	39.67052	Durbin-Watson stat	2.098919
Prob(F-statistic)	0.000000		

Source: Eviews 9 Regression Output, 2022

In table 6, the regression model 2 is now written as: $ROA_{it} = 3.690000 – 0.980066CTX_{it} + \mu_{it}$ representing the corporate performance relationship with corporate tax and as (CTX) or corporate tax increases by 1%, return on assets (ROA) or corporate performance decreases by 98%. The effects of other extraneous variables on the relationship between CTX and ROA were identified and isolated by the inclusion of TAS ($\beta_2 = -0.195466$), IVC ($\beta_3 = 0.189757$), BVE ($\beta_4 = 0.234587$) and NOS ($\beta_5 = 0.351224$) in the model as control variables. CTX and TAS had significant negative relationships with ROA ($p < .05$, as $p = 0.0000$) while IVC and

BVE had significant positive relationships with ROA ($p < .05$, as $p = 0.0000$). But NOS had a non-significant positive relationship with ROA ($p > .05$ as $p = 0.4192$).
The regression model 2 output shows an R-squared of 0.782911 indicating a high variation in ROA that can be explained by CTX, TAS, IVC, BVE and NOS. The unexplained variation in ROA of 0.217089 represents regression model 2 residuals. Reliability of the model was confirmed by the stationarity of the regression residuals at level and further supported by the fact that these residuals passed the cross-section dependence test shown on table 3. Regression model 2 was significant with an F-Statistic value of 39.67052 at the p value of .05 (0.000000).

Table 7: Model 2 Hausman Test Results
Correlated Random Effects - Hausman Test
Equation: RANDOMEFFECTSROACTX
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	74.912563	5	0.0000

** WARNING: estimated cross-section random effects variance is zero.

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
CTX	-0.980066	-0.544320	0.003222	0.0000
TAS	-0.195466	-0.095536	0.000143	0.0000
IVC	0.189757	0.117035	0.000084	0.0000
BVE	0.234587	0.142588	0.000146	0.0000
NOS	0.351224	0.696876	0.009127	0.0003

Source: Eviews 9 – Hausman Test Results, 2022

Durbin Watson statistic of 2.098919 was greater than R^2 and was within the acceptable range of between 2 and 4 confirming the reliability of the model and the fact that the model is devoid of autocorrelation and serial correlations.

Decision: Appropriateness of the fixed effects model was confirmed by Hausman test. The reliability of the model was confirmed by the F-statistic test, Durbin Watson statistic test, stationarity test and cross-section dependence test. Therefore, hypothesis two (H2) is rejected Hence, Fulfilment of a company's economic responsibility of paying corporate tax does not enhance level of corporate performance.

Discussion and Conclusion

The relationship between economic responsibility of paying employee benefits and corporate performance was hypothesized and this was positively significant**.** This is a confirmation that employees in Nigeria and other countries work diligently and effectively for firms that engage in fulfilling their economic responsibility of paying employee benefits. Employees feel that their economic well-being should be provided for by any company they work assiduously for. This study therefore establishes that what employees want from these companies are honesty and sincerity despite the fact that they (the companies) also engage in fulfilling other corporate social responsibilities. Finally, employees are aware that businesses will crumble if the companies in question fail to fulfil their own part of the employment contract of paying workers' entitlements, training and developing the workers and taking care of workers' families. Our second hypothesis (H2) that fulfilment of a company's economic responsibility of paying corporate tax enhances level of corporate performance is however in a different direction as this study revealed a significant negative relationship between economic responsibility of paying corporate tax and corporate performance. This suggests that engagement in economic responsibility of paying corporate tax does not always improve corporate performance (Gatsi et al, 2013). This is a confirmation that, companies that are economically irresponsible in the payment of their corporate tax will consequently face penalties, fines and litigations thus making it difficult for their corporate performance to be enhanced. Furthermore, companies that do not genuinely pay their corporate tax will definitely tarnish their corporate image and business reputation and this will eventually enhance the value of the value of their firm due to negative information. In conclusion**,** the outcomes of this study indicate that economic segment of CSR is capable of fostering a rewarding and permanent relationship with employees, tax authorities and other stakeholders. It gives the various stakeholders especially employees and government the courage and confidence to believe in any company they relate with and this consequently adds value to the company.

Managerial Implications

This study contributes to understanding the importance of fulfilling the economic responsibilities of corporate institutions. The outcomes of this research show that two key aspects of economic dimensions of CSR, namely, payment of employee benefits and payment of corporate tax have significant positive and negative relationships with corporate performance respectively. The implications of this research are that managers should be aware that this research supports the outcomes of previous studies that suggest that the fulfilment of a firm's economic responsibility substantially influences the behaviours of employees, government tax authorities and other stakeholders that relate with their companies. Therefore managers, while dealing with internal and external stakeholders must demonstrate economically responsible behaviour. Our research findings will assist managers when making economically responsible business strategies needed for sustaining our present day market. This is also an opportunity for manufacturers and retailers, to satisfy the needs of employees and tax authorities while at the same time achieving their bottom line and contributing to the society's economic welfare.

Study Limitations and Future Research Scope.

The outcomes of this study which analysed only 7 industrial goods companies cannot be generalized to companies in other industries and used to make a conclusion. Future studies in this area, should opt for a bigger sample size in order to obtain outcomes that are more robust and valid. To have unbiased outcomes, future studies should obtain samples from different industries as employees and tax authorities and other stakeholders perceive companies' economic responsibilities differently. Furthermore, the outcomes of this research which may be limited to a developing country like Nigeria, may vary from those of developed and underdeveloped economies in terms of economic status, culture, lifestyle, and other related factors (Ali, Rehman, Yilmaz, Nazie, & Ali, 2010 as cited in Singh & Verma, 2016). The current research attempted to examine only two society's economic welfare generating tools such as, payment of employee benefits and payment of corporate tax. Future studies may consider other aspects of economic dimensions of CSR such as profitability, competitiveness, efficiency and responding to the return expectations of the owners (Niskala et al, 2009 as cited in Jokinen, 2012).

Acknowledgments

We are sincerely grateful to the University of Calabar in Nigeria for using its Tertiary Education Trust Fund (Tetfund) platform to fund the PhD Dissertation that eventually served as basis for the current study.

Competing Interests

We declare that competing interests do not exist.

REFERENCES

1. Akin-Ogunbiyi, P. (2006). Corporate social responsibility in Nigeria, *Journal of Corporate Citizenship,* 1-49 https://www.academia.edu/36308040/Corporate_social_responsibility_in_nigeria.
2. Amaeshi, K. M., Adi, B. C., Ogbechie, C. & Amao, O. O. (2006). Corporate social responsibility (CSR) in Nigeria: Western mimicry or indigenous practices? *International Centre for Corporate Social Responsibility, 39,* 1-44. Nottingham University Business School, ICCSR Research Paper Series.
3. Anggraini, D., Muchtar, B. & Masdupi, E. (2018). Effect of remuneration, work motivation and oganizational commitment to job performance. *Advances in Economics, Business and Management Research, 64,* 691- 699. 2nd Padang International Conference on Education, Economics, Business and Accounting (PICEEBA-2 2018).
4. Bookbinder, D. (2021). Invest in your employees now to maximize shareholder value for the long term. https://www.linkedin.com/pulse/why-you-need-investing-your-people-...
5. Carroll, A. B. & Shabana, K. M. (2010). The business case for corporate social responsibility: A review of concepts, research and practice. *International Journal of Management Reviews,* 85-105. 10.1111/j.1468-2370.2009.00275.x
6. CFI Education Inc. (2022). 2015 to 2022 CFI Education Inc. corporate social responsibility (CSR) -Types and business benefits.

https://corporatefinanceinstitute.com/resources/knowledge/other/corporate-social-responsibility-csr/

7. Chron Contributor (2020). How can salary influence a worker's performance in an administration? Work career advice |salary and compensation. https://work.chron.com/can-salary-influence-workers-performance-administration-25950.html
8. Chude, D. I. & Chude, N. (2015). Impact of company income taxation on the profitability of companies in Nigeria: A study of Nigerian Breweries. *Patricia European Journal of Accounting, Auditing and Finance Research*, *3*(8), 1-11.
9. Craig, A. O., Job-Olatunji, K., Olamide, D. L., Adedamola, M. A., Peters, S. O., & Shorinmade, A. G. (2020). Employee remuneration and the financial performance of selected manufacturing companies in Nigeria. *International Accounting and Taxation Research Group,* 54-65. http://www.atreview.org
10. Donia, M. B. L. (2020). Employees want genuine corporate social responsibility, not greenwashing. https://theconversation.com/employees-want-genuine-corporate-social-responsibility-not-greenwashing-130435
11. Edmans, A. (2016). 28 years of stock market data shows a link between employee satisfaction and long-term value. *Harvard Business Review.* https://hbr.org/2016/03/28-years-of-stock-market-data-shows-a-link-b...
12. Euromonitor.com (2011). Corporate social responsibility and FMCG companies in Nigeria. *Euromonitor International.* https://www.euromonitor.com/article/corporate-social-responsibility-and-fmcg-companies-in-nigeria 1/12
13. Eze, S. C. & Bello, A. O. (2016). Corporate social responsibility in Nigeria: A critical review of the literature. *International Journal of Business and Management Review*, *4*(10), 86-103.
14. Ezugwu, C.I. & Akubo, D. (2014). Analysis of the effect of high corporate tax rate on the profitability of corporate organizations in Nigeria – A study of some selected corporate organizations. *Mediterranean Journal of Social Sciences, 5*(20), 310-321. 10.5901/ mjss.2014.v5n20p310
15. Farah, M. & Belina, R. (2016). The effect of corporate social responsibility to financial performance of company in Indonesia. *OIDA International Journal of Sustainable Development, 9(4)*, 11 – 18.
16. Gatsi, J. G., Gadzo, S. G. & Kportorgbi, H. K. (2013).The effect of corporate income tax on financial performance of listed manufacturing firms in Ghana. *Research Journal of Finance and Accounting, 4*(15), 118-124.
17. Hamidu, A. A., Haron, H. & Amran, A. (2018). Profit motive, stakeholder needs and economic dimension of CSR: Analysis on the moderating role of religiosity. *Indonesian Journal of Sustainability Accounting and Management, 2*(1), 1–14. http://unpas.id/index.php/ijsam
18. Ibeawuchi, R. O. & Onuora, J. K. J. (2021). Executive compensation and performance of quoted consumer goods companies In Nigeria (2011-2018). *International Journal of Business & Law Research, 9*(2), 24-35. www.seahipaj.org

19. Igbinovia, I. M. & Ekwueme, C. M. (2018) Corporate tax avoidance and shareholders returns: Moderating effects of monitoring. *Sriwijaya International Journal of Dynamic Economics and Business*. *2*(3), http://ejournal.unsri.ac.id/index.php/sijdeb
20. Jokinen, M. (2012). Corporate responsibility reporting based on GRI reporting standard. Development of reporting of case companies Cargolux, Finnair and SAS. *Thesis: Helsinki Metropolia University of Applied Sciences.* https://www.theseus.fi/bitstream/handle/10024/54019/Jokinen_Minna.pdf?sequence=1
21. Jucan, C. N. & Jucan, M. S. (2010). Dimensions and challenges of social responsibility. *Annales Universitatis Apulensis Series Oeconomica, 12*(1)*, 238-247.* 10.29302/oeconomica.2010.12.1.23
22. Kadir, A. A., Ali, A., Alhosani, H. H., Ismail, F. & Sehan, N. (2019). The effect of compensation and benefits towards employee performance. *Conference Paper January 2019*. 10.4108/eai.30-7-2019.228755
23. Kayode, O. J., Adeyinka, A. J. & Abiodun, A. J. (2019). Employees' remuneration and performance in Nigerian Breweries PLC, *International Journal of Business and Management Future, 3*(1), 1-18. www.cribfb.com/journal/index.php/ijbmf
24. Knuutinen, R. (2014). Corporate social responsibility, taxation and aggressive tax planning. *Nordic Tax Journal*, *1,* 36-75. 10.1515/ntaxj-2014-0003
25. Kurawa, J. M. & Saidu, H. (2018). Corporate tax and financial performance of listed Nigerian consumer goods. *Journal of Accounting and Financial Management, 4*(4), 30-43. www.iiardpub.org
26. Na, H., Kang, H. & Lee, H. (2021). Does tax incentives affect future firm value for corporate sustainability? Sustainability, 13, 1-17. https://doi.org/10.3390/su132212665
27. Nnubia, I. C. & Okolo, M. N. (2018). Effect of corporate tax on profitability of business organizations in Nigeria. *International Journal of Management Studies, Business & Entrepreneurship Research, 3*(4), 14-23.
28. Nyeadi, J. D., Ibrahim, M. & Sare, Y. A. (2018). Corporate social responsibility and financial performance nexus: Empirical evidence from South African listed firms. *Journal of Global Responsibility, 9*(3), 301-328.
29. Oczyszczalnia, G. & Łodzi, S. W. (2021). Economic responsibility examples. sedin.gos.lodz.pl/grok-synonym-tsd/economic-responsibility-examples-022d45
30. Oke, G. C. (2021). Effects of remuneration on employees' performance in Guinness Nigeria Plc /www.academia.edu/28810230/Effects_of_Remuneration_on_Employees_Performance_in_Guinness_Nigeria_Plc_CHAPTER_ONE_INTRODU…
31. Olaoye, C. O. & Alade, E. O. (2019). Effect of corporate taxation on the profitability of firms in Nigeria. *Journal of Economics and Behavioural Studies*, *11*(1(J), 191-201. https://doi.org/ 10.22610/jebs.v11i1 (J).2759
32. Olarewaju, O. M. & Olayiwola, J. A. (2019). Corporate tax planning and financial performance in Nigerian Non-financial quoted companies. *African Development Review, 31*(2), 202-215.

33. Otuya, S. & Akporien, F. (2020). Do corporate social responsibility activities influence employees' job performance? *Journal of Contemporary Research in Social Sciences, 2*(2), 26-34.
34. Sastera, B. & Mauludin, H. (2018). The influence of employee benefits programs on employee morale and employee performance in PT. CJI Pasuruan. *International Journal of Business and Management Invention, 7*(5), 25-43.
35. Satka, E. (2019). The impact of remuneration on employee performance in the trading company. https://www.researchgate.net/publication/336149687_THE_IMPACT_OF_REMUNERATION_ON_EMPLOYEE_PERFORMANCE_IN_THE_TRADING...
36. Semaan, S. R. (2017). Tax avoidance, income diversion, and shareholder value: Evidence from a quasi-natural experiment. *Cornerstone Research*, *1-55.* https://ssrn.com/abstract=2931109
37. Singh, & Verma, P. (2016). Consumer psychology towards corporate social initiatives: An empirical investigation. *Prabandhan: Indian Journal of Management, 9*(3), 32-42.
38. Stobierski, T. (2021). Types of corporate social responsibility to be aware of BUSINESS INSIGHTS *Harvard Business School*. https://online.hbs.edu/blog/post/types-of-corporate-social-responsibility
39. Udeh, F. N. & Eze, M. N. (2021). Effect of corporate tax avoidance on operating cash flow performance: An empirical study of manufacturing firms in Nigeria. *International Journal of Advanced Academic Research*, *7*(7), 37-54. www.ijaar.org 10.46654/ij.24889849. 10.46654/ij.24889849.s775
40. Zhaohong, L., Yao, X. & Zhao, Z. (2014). The direct and indirect impact of employee benefits on firm performance in China. Asia Pacific Journal of Human Resources *52*(4), 476-495. 10.1111/1744-7941.12037