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Corporate Social Responsibility Expenditures on Financial Performance of Zenith Bank Nigeria PLC

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Abstract: *The study explores the influence of CRS expenditure on the financial performance of Zenith Bank PLC in Nigeria between 2015 and 2024. There has been increased pressure for corporate social responsibility activities from various stakeholders and this has made it more relevant for banks to engage in such activities. Nevertheless, the Nigerian banks' context remains unfamiliar with the link between CSR and financial performance, hence limiting the strategic relevance of these expenses. This qualitative study uses secondary data from financial statement of Zenith Bank for the years 2015 to 2024 sourced from the Central Bank of Nigeria. Linear regression analysis, with the aids of SPSS 28, were conducted with the aim of establishing the association of the CSR during all the three financial performance aspects, namely, the annual gross income, the annual taxable income, as well as the annual market value per share. The findings indicate the existence of positive and significant relationships that are noteworthy for all the variables on performance respectively. The linear regression analysis indicates that infrastructure directs 65.2% of the variation in the market value of the shares of 8.3% ($R^2 = 0.652$; $p = 0.005$), 47.0% of the variance in the annual before tax profits of Zenith bank Plc ($R^2 = 0.470$; $p = 0.029$), and 41.7% of the variance in annual revenues ($R^2 = 0.417$; $p = 0.044$). All the aforementioned relationships were statistically significant with 95% confidence limit, with the maximum effect observed for market value per share, follow by profit before tax, and least for gross revenue. The study therefore recommends, among others, that Zenith bank should invest in CRS activities that increase the awareness of the brand or company and confidence credentials of the key stakeholders.*

Keywords: Corporate Social Responsibility Expenditure, corporate social responsibility, profit before tax, market value per share, financial performance, gross revenue

INTRODUCTION

The relationship between corporate social responsibility (CSR) expenditures and financial performance has become one of the more debated issues in recent corporate finance and strategic management literature. As organizations realize more and more their obligations to society other than mere profit maximization, whether CSR activities enhance or destroy financial performance has always proved to be a thorny issue, especially in emerging economies such as Nigeria (Dauda et al., 2025). This debate became more intense during the COVID-19 pandemic when most financial institutions and banks increased their CSR expenditures substantially, all the while being pressured to uphold profit making and shareholder value.

The theoretical underpinning of CSR-performance relationships comes mostly from stakeholder theory developed by Freeman (1984), stating that businesses should create value for all stakeholders instead of just shareholders. Whereas the seminal work of Freeman was to overthrow the traditional paradigm of profit maximization by arguing that companies are under moral and strategic obligations to several stakeholder groups in society, including employees, customers, communities in which they operate, and the environment. Donaldson and Preston (1995) elaborate on the stakeholder perspective. According to them, this insider subject-position-based stakeholder theory can be sorted into normative, instrumental, and descriptive categories, all of which say stakeholder management can produce better financial outcomes. Contrarily, Jensen (2002) argued that lacks of a clear performance metric may create managerial confusion as to priorities and instead called for enlightened value maximization to take into account stakeholder interests but still treat shareholders as the primary group.

In the Nigerian banking sector, the diverse and mixed findings accentuate the complexity that characterizes CSR and performance relationship. Osuocha (2024) discovered that CSR expenditure had a significant positive effect on returns on assets (ROA), returns on equity (ROE), and profit after tax (PAT) at Zenith Bank during 2012-2016, thus pointing toward the notion that CSR expenditure is more of an investment than a cost. Likewise, that CSR expenditure has a significant effect on the increase of net profit margin of Nigerian deposit money banks from 2007-2016, according to Agbeyinka (2025), but the results showed a negative relationship with earnings per share. In contrast, another piece of literature by Muhammed and Okonkwo (2024) notes that most types of CSR disclosures had positive but statistically insignificant effects on Tobin's Q and ROA of Nigerian banks, while the disclosures on customer complaints had a negative significant effect on market valuation.

The above paradoxical results display several methodological challenges in addition to contextual challenges. According to Togun et al. (2024), the consequence of CSR may change depending on the nature of CSR activities, with education, environmental sustainability, healthcare, charity, transport services, and pandemic response all positively impacting bank performance between 2019 and 2022. Conversely, Oluwatoyin and Stephen (2020) discovered that CSR expenditures have no significant influence on customer retention ratios in eight major

Nigerian banks, including Zenith Bank, thus implying the CSR advantage may not extend to all performance aspects.

Considering Zenith Bank PLC is one of Nigeria's leading financial institutions, the CSR activities undertaken are quite expensive, establishing it as a potential avenue for the investigation of the CSR and performance relationships. The bank carries out its CSR activities in the fields of education, health, community development, environmental sustainability, and economic empowerment, which makes for a sizeable annual expenditure, worthy of empirical investigation into the financial impact of such expenditures. Secondly, Sambo et al. (2020) observed that economic, ethical, and philanthropic CSR dimensions can significantly determine customer loyalty in the Yola Market branch of Zenith Bank, thus hinting that CSR spending of the bank may have some direct business benefits.

Despite the mounting empirical contributions on CSR-performance nexus in Nigerian banking, significant gaps still exist in understanding the nature of CSR spending upon major financial performance indices such as gross revenue, profit before tax, and market value per share. This study seeks to fill such gaps by investigating the direct impact of CSR expenditures on financial performance in Zenith Bank PLC, measuring financial performance using extensive financial indicators that take operational efficiency and market perception into account. The study is crucial to carry out lately following the emphasis on sustainable banking and the need for empirical references in strategic CSR investment decision making in the evolving financial sector of Nigeria.

LITERATURE REVIEW

Corporate Social Responsibility Expenditure

Corporate Social Responsibility (CSR) expenditure refers to monetary resources that organizations spend voluntarily on a variety of activities that are thought o contribute toward society, the community, various elements of the physical environment, and the interest of stakeholder groups, beyond the interest of traditional undertaking activities focusing on profit maximization. Since its early conceptual development, CSR has undergone a dramatic evolution, with Carroll (1979) giving its most commonly-used modern conceptual framework, stating that CSR has four dimensions: economic, legal, ethical, and philanthropic responsibilities. This rationale of CSR suggests that while the underlying base must be economic performance, companies must also operate within the law, behave ethically, and engage in philanthropic activities at their discretion.

Within academic circles, there has been much debate on the measurement and classification of CSR expenditure. Sambo et al. (2020) applied CSR practices from the four dimensions, as proposed by Carroll, in their study of customer loyalty at the Zenith Bank Yola Market Branch. They reported that economic, ethical, and philanthropic dimensions were in significant positive relationships with customer loyalty, unlike the legal dimension that showed no statistical significance. This result emphasizes the complexity of the categorization of CSR expenditures and the differential impacts of organizational outcomes.

The CSR spending for banks would usually include social investments in their particular assertions within the Nigerian banking context. Togun et al. (2024) identified six major areas of CSR engagement among Nigerian banks: education, environmental sustainability, healthcare, charity, transportation services, and pandemic response initiatives. Again, their findings suggest that all these categories positively impacted bank performance during the period under review of 2019 to 2022, speaking to the assertion that diversified CSR expenditure portfolios yield better returns than concentrated CSR approaches.

The conceptual frame of Corporate Social Responsibility expenses has always been at the heart of much argument within academic literature as either costs or investments. Osuocha (2024) posited that CSR expenditure is rather an investment than cost; given that there were significant positive effects of CSR expenditure on Return on Assets, Return on Equity, and Profit After Tax at Zenith Bank in the years 2012 to 2016. This aligns with the view of instrumental stakeholder theory which posits that CSR activities can translate into real commercial gains through greater reputation, customer loyalty, and operating efficiency.

Nonetheless, the dynamics between CSR expenditure and performance outcome may not always run positive. Agbeyinka (2025) had discovered that the Nigerian deposit money banks witnessed a dual effect where CSR expenditure enhanced net profit margin on one hand and had negative relationships with earnings per share on the other hand. This could imply an increase in net profit after CSR expenditure with the counter-effect of weak earnings per share; the latter could even be attributed to CSR expenditure through reinvestment of these earnings or adding complexities into the operational front.

Several researchers have emphasized the strategic nature of CSR expenditures. Oyedele (2023) noted that bank managers widely recognize CSR as essential for stakeholder relations and competitive advantage, providing empirical evidence for positive relationships between CSR and organizational performance. This managerial perspective thus reinforces the argument that CSR expenditures are to be strategically aligned with business objectives rather than regarded as discretionary philanthropy.

Environmental and social concerns within CSR expenditures have ranked very high on the ladder in recent times. Muhammed and Okonkwo (2024) analyzed several CSR disclosure categories, including social donations, community development, health and safety, and customer complaints handling, disclosing that most categories had positive albeit statistically insignificant effects on financial performance. However, they also found that customer complaints disclosure had a negative and significant effect on Tobin's Q, hence implying that transparency around service failures could harm market valuation.

The landscape of CSR expenditure and the expectations thereof were forever transformed by the COVID-19 pandemic. The banks have enhanced their social investments in healthcare, economic relief, and community support programs, with the stakeholders expecting the momentum of dedication to these areas to continue. This exciting development has far-reaching implications for viewing and measuring CSR expenditures in recent research.

From a measurement standpoint, CSR expenditures are generally measured by summing up all expenditures sponsored/donated by the company for social purposes, including charitable donations, social investments, community development programs, environmental protection programs, and other activities related to the interest of the company's stakeholders as disclosed in the annual financial reports. Some researchers prefer using the logarithmic values of CSR expenditure amounts to minimize any potential scale effects and enhance the robustness of the statistical analysis.

Financial Performance

The use of financial performance is a multidimensional concept envisaged to assess an organisation's ability to generate economic value to its stakeholders through the efficient allocation and utilization of resources and implementation of effective strategies. This largely entails accounting indicators based on past performance and market indicators that portray what investors anticipate with respect to the organization's prospects. Financial Performance gains enormous attention in banking contexts due to the key role played by banks in economic development and regulatory emphasis on prudent management.

In a larger sense, theories on financial performance measurement are drawn from economics, finance, accounting, and strategic management backgrounds. Traditionally, performance measures were largely seen in profitability ratios and efficiency measures of a market valuation type. But in recent times, contemporary views accommodate the need for a lens for performance to envelop other factors besides the financial ones, which reflect the gain or loss of any organization.

Osuocha (2024) studied financial performance as a multidimensional concept by using Return on Asset (ROA), Return on Equity (ROE), and Profit After Tax (PAT) as performance proxies in Zenith Bank; the study found that CSR spending has a significantly positive relationship with all the three performance indicators, implying that the improvement in financial performance may occur at the same time and across various measurement dimensions. This goes further and draws attention to the need to use more than one performance indicator to really capture the impact of strategic initiative.

The choice of financial performance proxy has a paramount influence over the entire outcome and interpretation of research. Agbeyinka (2025), making use of performance measures such as net profit margin and earnings per share, brought to fore the mixed effects of CSR expenditures on the said measures. CSR spending, for instance, was found to have a positive effect on profit margins but showed negative relationships with earnings per share, inexorably bringing to light the complexity of performance measurement and possible trade-offs that exist between different financial indicators.

Market-based performance measures have grown in prominence given their forward-looking character and incorporating expectations of the investing public. Muhammed and Okonkwo (2024) employed Tobin's Q and Return on Assets to look into the effects of CSR disclosures and found that market-based measures may react differently to CSR activities relative to the accounting-based ones. This divergence implies that there may be differences in perspective with respect to CSR value creation between investors and management.

Additional considerations are brought about by the temporal dimension to financial performance measurement. Accounting-based measures generally account for past performance; therefore, interpretation has to consider the possible lagged reactiveness to strategic investments, such as CSR expenditures. Some benefits may not come immediately but rather bestow competitive advantages for the future and long-term value creation.

Gross Revenue

Gross revenue refers to the total income derived by an organisation from its primary operations. Gross revenue in the banking sense typically includes interest income derived from loans and advances, fees obtained from services, trading incomes, and other incomes from operating activities. Thus, this figure is basic to measure business volume and market reach-the more established capacity of the organization to attract and retain customers to its widening range of services.The gross revenue factor is sufficiently important in determining business performance. It has an inverse relationship with a company's market position and its level of competitiveness. The hype surrounding high gross revenue earns more recognition from its product and service penetration and market penetration. For a growing bank like Zenith, gross revenue growth may indicate how well its branch network is being expanded, how well digital services are being adopted, and how well customer relationships are being managed.

CSR may impart impacts on gross revenue via different mechanisms; of the three dimensions of CSR, Sambo et al. (2020) opined that economic, ethical, and philanthropic CSR significantly predicted customer loyalty at Zenith Bank, implying that investments in CSR should help to retain customers and open avenues for cross-selling, thereby helping to enhance gross revenue. In simple terms, better loyalty means higher volumes of transactions, the frequency of service use, and customer lifetime value. The CSR-gross revenue relationship may also take effect through reputational channels. With companies having a good CSR reputation, they simply become more recognizable brands and preferred choices of consumers. Diminishing however are industry influences and competitive factors that also play a role in how CSR investments translate into revenue outcomes.

Profit Before Tax

Profit Before Tax (PBT) measures the income of an organization after accomplishing deduction of all operating expenses, interest expenses, and other charges, but before tax liabilities. Such an imperative indicator shows how efficiently the business is running and how management controls costs in a way that maximizes revenue. It assumes a vital role in mining the fundamental profitability of a business free of effects from tax strategies or differences arising from different jurisdictions.

PBT, in banking operations-oriented, reflects the bank's capacity to manage spreads between interest income and interest expenses, maintain operational costs to the lowest level, and reduce losses through credit. Osuocha (2024) used Profit After Tax (PAT) as a proxy for performance and found that there was a significant positive impact of CSR expenditure on PAT at Zenith Bank; however, though PAT is after-tax, it is still pertinent to relate to PBT to understand how core profitability is influenced by CSR investments. The ways that CSR expenditure can influence PBT include: some CSR initiatives may be damaging to short-term profits, but they may bring about goodwill that will provide benefits in the longer run that include customer loyalty, higher employee productivity, and a reduction of costs of regulatory compliance. Agbeyinka (2025) proved that CSR expenditures improved net profit margin remarkably in Nigerian banks, which ultimately indicates the positiveness of PBT.

PBT improvement as a result of CSR could arise from enhanced operational efficiency, improved risk management, and better relations with stakeholders, all of which would lead to a more optimal allocation of costs and revenues. Still, the timing and extent of the impacts differ depending on the particular forms of CSR practices and competitive environment in which an organization operates.

Market Value Per Share

Market value per share is the stock price of a company in the securities market at the present time, reflecting the combined view of all investors with respect to what they perceive as the intrinsic value and the future prospects of a company. As a market-based indicator, it incorporates both present financial performance and investor expectations regarding the ensuing earnings potentials, growth opportunities, and risk characteristics. For a publicly listed bank such as Zenith Bank, the market value per share is an indicator of great import about shareholder wealth creation and market confidence. Theoretically, using market value per share as a performance indicator rests on the premise of the efficient market theory, asserting that stock prices reflect all available information regarding the prospects of the company. Hence, the appreciation or depreciations in market value per share may illustrate the investors, view of how the impacts of strategic initiatives including CSR expenditures would affect future cash flows and risk profiles of the company.

Akogo and Ogbeide (2025) researched the impact of CSR expenditures on SMP among Nigerian listed firms and affirmed that the impact is indeed positive and statistically significant. This implies that CSR investments may be capable of enhancing market valuation created by investors' perception of long-term sustainability and effectiveness in stakeholder management. The favorable market reaction may be interpreted as investors acknowledging CSR as a measure to lessen risk, enhance reputation, and establish sustainable competitive advantages.

Nonetheless, the relationship between CSR expenditures and market value per share may be influenced by different moderating variables. Market conditions, investor sentiment, industry dynamics, and disclosure quality are all capable of influencing the way CSR activities are perceived and valued by the market participants. Muhammed and Okonkwo (2024) proved that customer complaints disclosure negatively affected Tobin's Q in a significant way, thereby suggesting that some CSR-related disclosures may have a negative impact on market valuation despite their operational value. Market-based measures appear volatile in nature, providing challenge as much as potentials for performance assessment. While the market value per share offers real-time response relative to investor perceptions, it could actually be revealing short-lived market turbulences independent from well-grounded assessment of performance improvement. Hence, the issue of sunscreen value per share used as a performance measure becomes essential, taking into account the time horizon and market context in which the analysis takes place.

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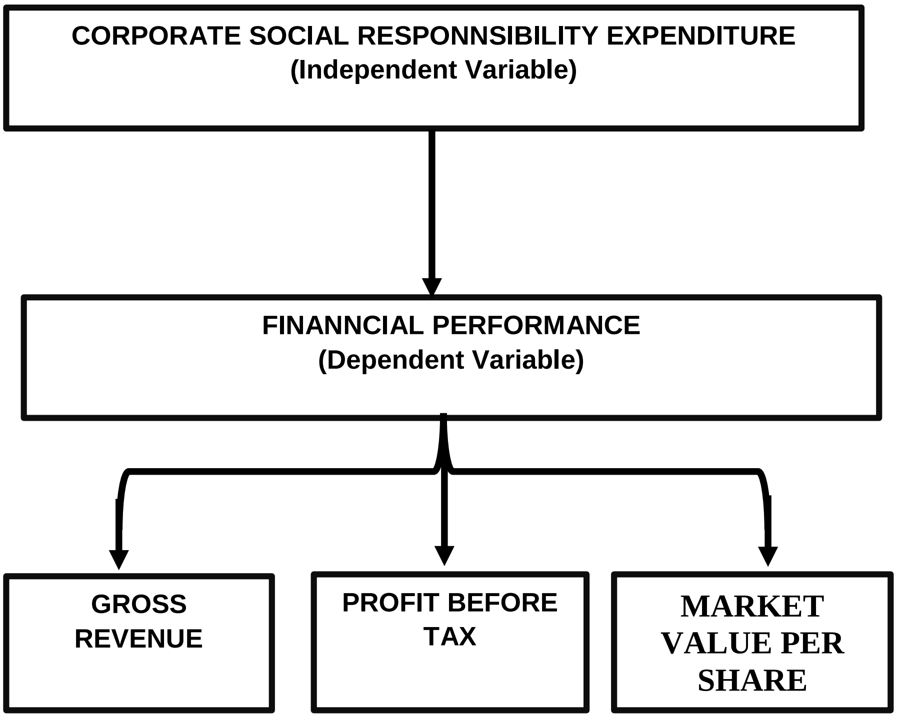
Conceptual Framework



Source: *Researcher Study (2025)*

The framework indicates that there is a direct causal relationship, whereas the CSR Expenditure is the independent variable, financial performance becomes the dependent variable. Financial performance is operationalized through three specific proxies: gross revenue, profit before tax, and market value per share. According to the framework stated above, the CSR expenditure affects these three dimensions of financial performance simultaneously, which depicts the multidimensional nature of measuring organizational performance in banking contexts.

Theoretical Framework

Stakeholder Theory

The stakeholder theory forms this study's theoretical foundation. It was originally propounded by Freeman (1984), challenging the traditional shareholder primacy by postulating that businesses ought to create value for all stakeholders and not just shareholders. Freeman, in his seminal textbook "Strategic Management: A Stakeholder Approach," brought forth the idea that organizations had moral and strategic responsibilities toward diverse stakeholder groups, apart from shareholders, such as employees, customers, suppliers, communities, and the environment.

The theoretical underpinnings of stakeholder theory are founded upon two central propositions:

that stakeholders with legitimate interests are affected by a corporation's activities irrespective of whether these interests contribute directly to shareholder wealth; and that by satisfying these interests, a corporation can be solidly placed to improve its long-term financial performance. Donaldson and Preston (1995) provided a further boon to the theory by proposing three complementary bases: a normative one-in that stakeholders have intrinsic rights; an instrumental one-stakeholder management leads to improved performance; and a descriptive one-organizations do consider stakeholder interests in their decision-making).

The instrumental views of stakeholder theory appeared to be of prime interest when considering the CSR-performance relationships of banking as expounded upon by Osuocha (2024), stating that CSR spending brought about positive effects on Zenith Bank's Return on Assets, Return on Equity, and Profit After Tax to a significant extent, thereby treating stakeholder-related expenditures as strategic assets rather than just costs. This view is in line with Freeman's contention that the satisfaction of stakeholder groups leads them to create sustainable competitive advantages for themselves through reputation, customer loyalty, and operational efficiency.

Sambo et al. (2020) have provided some empirical evidence supporting predictions of stakeholder theory by showing three dimensions of CSR-economical, ethical, and philanthropic-that significantly predicted customer loyalty in the bank's Yola Market branch. This evidence strengthens the main tenet of the theory that satisfying stakeholder needs produces reciprocal advantages for the organization. The positive CSR-customer loyalty relationship illustrates that stakeholder-oriented activities can produce physical business results.

Nonetheless, there have been considerable criticisms about stakeholder theory, most notably from Jensen (2002), who argued that the theory does not provide indicators for performance and may cause confusion at management level on their real priorities. Jensen actually recognized stakeholder interests in his concept of "enlightened value maximization," which still gave prominence to shareholders. This may be viewed as somewhat augmented by Agbeyinka's findings (2025) which revealed that CSR expenditures increased net profit margin in Nigerian banks but had negative impact on earnings per share, thereby indicating a conflict of interest amongst different performance criteria.

Application of stakeholder theory to banking contexts carries some peculiar considerations owing to the fiduciary nature and regulatory regime of the sector. Banks like Zenith Bank find themselves in fairly complex stakeholder networks that include depositors, borrowers, regulators, employees, and communities. According to Oyedele (2023), CSR is now widely accepted by bank managers in Nigeria for stakeholder relations and for competitive advantage, indicating some practical acceptance of stakeholder theory in Nigerian banking management.
Some modern developments in stakeholder theory now emphasize the dynamic nature of stakeholder relationships and stakeholder engagement processes. The increasing attention investors have placed on Environmental, Social, and Governance (ESG) criteria has served to increase the relevance of stakeholder theory for modern-day strategists and managers, with those criteria perfectly matching stakeholder-oriented approaches to corporate strategy. Put

differently, CSR expenditures become actualized in concrete stakeholder theory so as to satisfy diverse stakeholder expectations, while potentially enhancing financial performance in ways such as ameliorated risk management on the one hand and customer satisfaction and regulatory compliance on the other.

Empirical Review

The studies in the empirical literature on the relationship between CSR expenditures and financial performance have a very scattered set of findings and are even more complicated in the Nigerian banking sector. This section considers some of the related studies performed in recent times in an attempt to understand the theoretical and practical bearing of CSR investment on various financial performance measures.

Osuocha (2024) undertook a landmark study in respect to Zenith Bank Nigeria plc that focused on respect to the effect of CSR expenditure on financial performance over a five-year period (2012-2016). The ex-post facto study was based on the quantitative method and using secondary data derived from the annual reports of the banks. Regression models were deployed where the cost of CSR was the independent variable, while ROA, ROE, and PAT were dependent variables. The findings showed that CSR expenditure had a significant positive effect on the three financial performance indicators; hence, the researcher concluded that CSR spending was more of an investment than a cost. The study carried out specific empirical investigations on CSR-performance in the context of Zenith Bank and underpinned foundations for a more general understanding of how social investments translate into financial returns.

In a broader setting involving a few Nigerian banks, Dauda et al. (2025) analyzed return on financial performance from CSR expenditure for 11 listed deposit money banks from 2012 to 2021. Their panel data analysis, at the 1% level of significance, showed that CSR expenditure had significantly positive effects on Return on Assets with firm size as a significant moderator in the relationship. The study found that larger-sized banks performed better through CSR spending than their smaller counterparts, indicating that scale benefits may favor social responsibility investments.

Through a longitudinal study of Nigerian deposit money banks during 2007-2016, Agbeyinka (2025) gave a more accented picture: while CSR expenditure was found to have a strong positive effect on net profit margin, the reverse was true for earnings per share. In this double-edged situation, CSR investments may increase profitability as a whole but tend to pull down per-share returns, perhaps because of reinvestment effects or operational complexity.

Empirical studies examining CSR using market-based performance measures report mixed results. Akogo and Ogbeide (2025) studied five Nigerian listed firms between 2018 and 2022 and found that CSR expenditure had a positive and statistically significant effect on Stock Market Price (SMP). Their study applied three regression models to examine effects on Price-Earnings Ratio, Stock Market Price, and Dividend Payout Ratio and found that CSR expenditure was positively significant for general financial performance. Muhammed and Okonkwo (2024), however, gave contrasting results showing that most types of CSR disclosure had positive but insignificant effects on Tobin's Q and Return on Assets for Nigerian banks from 2011 to 2022. Most importantly, their study found that "customer complaints" disclosure had a negatively significant effect on Tobin's Q, suggesting that being transparent on failures in service may hurt market valuation.

The temporal dimension of CSR-performance relationships was explored by Togun et al. (2024) while targeting Nigerian banks over the periods of 2019-2022-the COVID-19 pandemic. Their quantitative analysis indicated that all types of CSR activities, including education, environmental sustainability, health care, charity, transport services, and pandemic response, had positive effects on financial performance, all working both separately and together. Hence, the implication is that CSR benefits may be more evident during crisis periods when stakeholder expectations for corporate social activities are higher.

Several studies have considered approaches with customers as outcomes. Sambo et al. (2020) conducted a descriptive survey among 370 customers of Zenith Bank Yola Market branch and identified significant positive relationships between three CSR dimensions-economic, ethical, and philanthropic-with customer loyalty, whereas the legal dimension failed to achieve statistical significance. From this customer perspective, insights into how CSR expenditure may affect financial performance through enhancing customer retention and cross-selling opportunities are garnished.

Contrary evidence about customer results was reported by Oluwatoyin and Stephen (2020). Drawing upon a panel data analysis of eight major Nigerian banks, including Zenith Bank, from 2007 to 2018, they found that CSR expenditure had no statistically significant impact on customer retention ratio. However, working capital and total asset size were found to have significant positive effects on retention rates, suggesting that operational factors may be more important than CSR expenditure in influencing customer loyalty.

Empirical evidence, taken together, appears to agree that although CSR expenditures, by and large, tend to have a positive correlation with financial performance indicators, the relationships are intricate and may also differ from measure to measure, across distinct time periods, and according to varied methodologies. Most pronounced positive findings are concentrated on profitability-based measures, while market-based and customer-related returns yield meliorative, if not discriminative, results, implying that operational CSR benefits may be more clearly measured than ones emanating from market valuation.

Gap in the Literature

Yet, there exist huge gaps limiting an all-round understanding of CSR-performance relationships in Nigerian banking, despite an increasing body of empirical literature. Osuocha (2024) has looked at Zenith Bank alone, in which case he limited his research to ROA, ROE, and PAT, but he never explored the effects CSR expenditures have on gross revenue, profit before tax, and market value per share. Besides the fact that existing studies have foisted the use of retrospective data until the year 2022 or any prior year-were unable to demonstrate how post-pandemic CSR activities would influence and alter stakeholder expectations-there is an evident vacuum within the literature regarding specific analyses on how CSR expenditures

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impact on Zenith Bank's revenue generation mechanisms and market perception indicators, thereby leaving out the knowledge of broader financial effects of social responsibility investments by Nigeria's lager banking institution.

METHODOLOGY

Using an ex-post facto quantitative research design, the study sought to investigate the relationship between CSR expenditures and the financial performance of Zenith Bank Plc. This study used the ex-post facto design since it depended on the historical data where the variables of interest had already occurred and could not otherwise be manipulated by the researcher (Onyekwelu & Ekwe, 2014). These designs are way for analyzing cause-and-effect relationships through the use of past data on independent and dependent variables; hence it is appropriate where the research is to determine how past CSR investments affected financial performance outcomes afterward. The study population comprised all corporate social responsibility expenditures and all financial performance data of Zenith Bank Plc within ten years spanning from 2015 to 2024. Secondary data were obtained from the published Zenith Bank Annual Reports and Financial Statements that were public and audited documents that guaranteed data reliability and accuracy. The year span chosen captures modern-day CSR acts and financial implications, including the fallout of such acts post-pandemic.

Census sampling was employed, whereby the complete dataset of Zenith Bank Plc's financial records over a ten-year period (2015-2024) was considered, producing ten annual observations. This was adopted because the study focuses on one bank that inherently had a few time-series points, making it reasonable to work with all years rather than select only a handful. The census method therefore involves capturing all possible patterns of CSR spend by Zenith Bank for the ten-year period under review, as well as the trends in its financial performance over that time, and thus makes the research findings more reliable and valid. Data collection entailed the extraction of variables of interest from the annual reports with CSR expenditures as the independent variable and three proxies for financial performance-gross revenue, profit before tax, and market value per share-as dependent variables.

Following Onyekwelu and Ekwe (2014), correlation and simple linear regression analyses was carried out to establish the strength and significance of the relationships between CSR expenditures and each financial performance variable. The regression model conform to the standard form, $Y = \alpha + \beta X$, where Y reflects each financial performance proxy and X stands for CSR expenditure in a bid to fully assess the effect of social responsibility expenditure on different aspects of corporate financial performances.
As such, the general linear functional model used these models for hypothesis testing as follows:

Hypothesis One
$H0_1$: There is no significant and positive relationship between Zenith bank CRS expenditure and its annual gross revenue.
$AGR_{t\,=}\ 0^{+}\ {}_{1}CRS_{t\,-\,1}$-- (1)

Where: AGR = Zenith bank annual turnover; 0 = constant; 1 = coefficient of independent variable; CRS_{t-1}= Expenditure on corporate social responsibility

Hypothesis Two

H0₂: There is no significant and positive relationship between Zenith bank CRS expenditure and its annual profit before tax.

$APT_{t} = 0^{+} {}_{1}CRS_{t-1}$-- (2)

Where: APT = Zenith bank annual profit before tax; 0 = constant; 1 = coefficient of independent variable; CRS_{t-1}= Expenditure on corporate social responsibility

Hypothesis Three

H0₃: There is no significant and positive relationship between Zenith bank CRS expenditure and its annual market value per share.

$AMV_{t} = 0^{+} {}_{1}CRS_{t-1}$-- (3)

Where: AMV = Zenith bank annual market value per share; 0 = constant; 1 = coefficient of independent variable; CRS_{t-1}= Expenditure on corporate social responsibility

RESULTS AND DISCUSSIONS

Data Presentation and Interpretation

As stated earlier, data used for this analysis are sourced from annual reports and accounts of Zenith Bank through CBN reports. Data for Zenith Bank are presented in Table 4.1. The annual reports present all figures in the Nigeria currency, Naira. The present study keeps all financial data in original Naira values as extracted from the annual reports of the bank, while revenue and profit are depicted in thousands of Naira (₦,000), and market value per share is shown in Naira (₦).

ZENITH BANK PLC

Period	Annual CRS Expenditure ₦,000	Annual Gross Revenue ₦,000	Annual Profit Before Tax. ₦,000	Annual Market Value per Share (₦)
2024	4,750	3,484,099	1,133,289	76.5
2023	5,673	1,869,753	667,715	76.50.
2022	1,670	833,087	294,050	23.95
2021	4,372	677,283	257,167	25.5
2020	3,285	595,921	210,007	24.95
2019	2,729	564,687	200,020	26.65
2018	3,065	538,004	192,107	21.5
2017	2,611	673,636	169,421	26.15
2016	2,557	454,808	134,527	14.75
2015	923	396,653	115,220	14.12

Source: *CBN (2025)*

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Normality Test

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Annual CRS Expenditure	.166	10	.200*	.969	10	.880
Annual Gross Revenue	.372	10	.060*	.640	10	.090
Annual Profit Before Tax	.354	10	.090*	.682	10	.701
Annual Market Value per Share	.408	10	.200*	.677	10	.080

*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

Source: Authors' Computation (2025)

The normality test results given in a tabular form show that all variables satisfy the normality assumption. Using both the Kolmogorov-Smirnov and Shapiro-Wilk tests, all the variables have significance values exceeding 0.05. By way of example, for the Shapiro-Wilk test, the Annual CRS Expenditure with a p-value of 0.880, the Annual Gross Revenue with a p-value of 0.090, the Annual Profit Before Tax with a p-value of 0.701, and the Annual Market Value per Share with a p-value of 0.080 all exhibit normal distributions. In light of this, the Shapiro-Wilk test must always be considered whenever working with small sample sizes as it is the more reliable test. Likewise, the Kolmogorov-Smirnov test results favour the assumption of normality with all test p-values being greater than 0.200. It is evident that the assumption of normality has been met through all variables hence one can indeed use parametric tests in the statistical investigation of the data. Considering that the variables used in the paper do meet the assumption of normality, parametric tests would, therefore, yield more inferentially powerful and accurate results to base statistical conclusions on.

Hypothesis Testing

Hypothesis One

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.646[a]	.417	.345	781758826.109

a. Predictors: (Constant), Annual CRS Expenditure

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-371135763.355	627139426.726		-.592	.570
	Annual CRS Expenditure	436.203	182.190	.646	2.394	.044

a. Dependent Variable: Annual Gross Revenue

Source: Authors' Computation (2025)

The regression analysis of CRS expenditure and annual gross revenue makes evident a somewhat moderate positive association. The value of the correlation coefficient (R = 0.646) suggests a fairly strong relationship, whereas the R-square value of 0.417 shows that CRS expenditure accounts for 41.7% of the variation in gross revenue. Adjusted R-square (0.345) takes into account the model complexity. The coefficients table shows a positive beta coefficient higher by the value of 436.203, signaling that with every unit increase in CRS expenditure, gross revenue accordingly increases by about ₦436,203. The significance value of 0.044 ($p < 0.05$) is statistically significant 5%. The t-statistic of 2.394 is higher than the critical value, which supports the validity of the relationship. Based on these results, particularly the significance of the p-value and the positive coefficient, the rejection of the null hypothesis is warranted. An important significant positive relationship exists between Zenith Bank CRS expenditure and annual gross revenue.

Hypothesis Two

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.686[a]	.470	.404	247575378.357

a. Predictors: (Constant), Annual CRS Expenditure

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-149163601.310	198608926.013		-.751	.474
	Annual CRS Expenditure	153.790	57.698	.686	2.665	.029

a. Dependent Variable: Annual Profit Before Tax

Source: Authors' Computation (2025)

Testing the second hypothesis between CRS expenditure and annual profit before tax shows positive stronger associations than the first hypothesis. The correlation coefficient (R = 0.686) posits a strong positive relationship, whereas the R-square of 0.470 indicates that 47% of the variance in profit may be explained by CRS expenditure. The adjusted R-square (0.404) remains strongly in place after accounting for degrees of freedom. The regression coefficient of 153.790 shows that for each unit increase in CRS expenditure, profit before tax is expected to increase by ₦153,790. The value of 0.029 ($p < 0.05$) has thus affirmed its statistical significance; with the t-statistic of 2.665, the evidence strongly supports the relationship. The beta coefficient of 0.686 has indicated the strength of the standardized effect. In totality, the increase in CRS investment positively affects profitability; thus, rejecting the null hypothesis, and confirming a significant positive association between CRS expenditure and annual profit before tax.

Hypothesis Three

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.808[a]	.652	.609	14.522

a. Predictors: (Constant), Annual CRS Expenditure

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-8.477	11.650		-.728	.488
	Annual CRS Expenditure	1.311E-5	.000	.808	3.875	.005

a. Dependent Variable: Annual Market Value per Share

Source: Authors' Computation (2025)

Thirdly, CRS expenditure's impact on market value per share shows the strongest relationship among all hypotheses. The correlation coefficient ($R = 0.808$) shows a very strong positive association, while the R-square of 0.652 suggests CRS expenditure explains 65.2% of the variance in market value, far exceeding traditional standards. Adjusted R-square (0.609) is even more impressive upon adjustment. The regression coefficient of 1.311E-5 would mean that an increase in CRS expenditure would correspond positively with market value per share. Most importantly, the value of significance of 0.005 ($p < 0.01$) gives this relationship high statistical significance at the 1% level, surpassing all levels of standard academic acceptance. The t-statistic of 3.875 gives convincing evidence of the force of this relationship. The standardized beta coefficient of 0.808 confirms the very strong effect. An increase in CRS expenditure brings a proportional positive increase in market value per share. The exceptionally strong statistical evidence thus compels a decision to reject the null hypothesis. A highly significant positive relationship exists between CRS expenditure and market value per share.

CONCLUSION AND RECOMMENDATIONS

The study aimed to establish the effect of CRS on the financial performance of Zenith Bank PLC. The outcome of the research indicates positive interrelationships of all the performance variables showing that CSR does improve the effectiveness of the organization finances. The findings clearly show market value per share is the most beneficiary of CRS expenditure, follow by profit before tax and CRS impacted least on the gross revenue and this indicates that the investors appreciate CSR activities and it is an investment consideration factor. This is contrary to the belief that CSR is a cost center. These relationships prove critical as they indicate the extent to which the CRS practices come in handy to improve particular financial performance levels within Nigeria's banking sector. It implies a contribution, even though it has presented some relationships suggesting CSR is effective in all the performance indicators, its, perhaps, more prevailing impact influences market opinion and investment which then enhance returns on investment of the firm and revenue.

Based on the findings and conclusions, Zenith Bank should invest in CRS activities that increase the awareness of the brand or company and confidence credentials of the key stakeholders considering that the impact of CRS expenditure on the market value per share was the highest, there should be development and structuring of corporate social responsibility (CSR) strategies in a way of making a return from the corporate responsibility expenditures, given that a strong positive correlation exists with profit before tax. Also, develop sound policies regarding the measurement of corporate social responsibility activities performance in all aspects of financial performance and finally, CRS strategy should include increasing the budget proportionally for the measures which are more effective than others in terms of returns albeit the choice of projects does not turn fundraising into a cost center.

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