

Corporate Social Responsibility Disclosure and Economic Value Added of Financial Services Firms Listed in Nigeria

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DOI: <https://doi.org/10.36348/sjbms.2026.v11i07.001>

| Received: 11.05.2026 | Accepted: 29.06.2026 | Published: 03.07.2026

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Abstract

Corporate social responsibility disclosure (CSRD) has gained prominence due to growing stakeholders' expectations for transparency and accountability in companies. This study, therefore, investigates the effect of corporate social responsibility disclosure on economic value added of financial services firms listed in Nigeria. A longitudinal research design was used on data obtained from companies with a population of forty-nine (49) firms publicly listed in financial services in Nigeria as at 31st December 2025, whose audited financial statements were available from 2013 to 2015. The total population was also purposely selected as the sample. The results revealed that the education initiative (EIND) and community responsibility disclosure (CMRD) have a negative effect on ECVA; EIND was not statistically significant, whereas CMRD was. However, there is an affirmative and statistically insignificant effect of health and safety disclosure (HSFD) on the economic value added of sample firms. In consonance with the results, this study recommends that corporate managers and directors align corporate responsibility with the host community's expectations to meet needs and enhance their reputation, thereby improving economic value.

Keywords: Community responsibility, corporate social responsibility disclosure, economic value added, education initiative, health and safety.

JEL Classification Codes: G34, M14, K32.

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INTRODUCTION

Economic value added (ECVA), as a metric of financial performance, indicates a company's ability to create value above the cost of capital for its shareholders. Its performance plays a critical role in shaping current and long-term organizational strategies, influencing decision-making at all levels (Tsatsaronis *et al.*, 2024). It is a major indicator of a company's capability to grow, innovate, and remain resilient amidst market challenges. A focus on economic value helps organizations allocate resources more efficiently, ensuring that profitability and sustainability are balanced (Javed *et al.*, 2020). For stakeholders, understanding the nuances of economic value provides insights into the organization's strategic direction and prospective success (Coelho *et al.*, 2023). In a broader context, it drives competitiveness, helping companies secure market share while contributing to

industry and national economic vitality. Strong economic performance thus becomes a foundation for long-term stability and continued progress (Coelho *et al.*, 2023). On a global scale, robust economic performance is essential for attracting investment, driving growth, and maintaining competitive advantage. Also, ECVA serves as an indicator of an organization's operational health and strategic effectiveness (Adamkaite *et al.*, 2023). In Nigeria, the significance of economic value added is particularly pronounced, given the country's status as a developing market and its financial aspirations (Coelho *et al.*, 2023).

Despite its importance, achieving and sustaining strong economic performance is challenging. Globally, firms face economic downturns, market volatility, regulatory changes, and intense competition, all of which can affect profitability and operational

efficiency (Partalidou *et al.*, 2020). In Nigeria, additional complexities stem from political instability, infrastructure deficits, and economic fluctuations. The financial services sector, in particular, is affected by regulatory uncertainties, currency volatility, and limited access to capital (Javed *et al.*, 2020). These issues can undermine economic performance by increasing operational costs, affecting revenue streams, and creating an unpredictable business environment (Javed *et al.*, 2020). As a result, firms often struggle to achieve profitability and growth, necessitating effective strategies to navigate these challenges and enhance economic value added (Nadia *et al.*, 2020). The desire to address the problem of economic value added has led management to focus on providing philanthropic services to stakeholders to enhance the firm's economic value. These services are known as corporate social responsibility (CSR).

Corporate social responsibility (CSR) has increasingly become a pivotal facet of business strategy, as firms seek to enhance their reputation, meet stakeholder expectations, and achieve sustainable development goals. It encompasses a variety of undertakings, including community engagement, social initiatives, health and safety initiatives, educational programs, donations, and other charitable activities, all aimed at contributing positively to society while achieving business objectives (Akpa & Odo, 2024). Despite the widespread adoption of CSR, there is significant debate about its disclosure in annual financial statements and its impact on firms' economic value. Globally, while some studies suggest that CSR disclosure can improve economic performance by attracting investors, enhancing brand loyalty, and reducing operational risks, others argue that the costs of CSR activities may outweigh the benefits, particularly in sectors with tight margins (Akhand *et al.*, 2024). This debate is particularly relevant in the financial services sector, where firms are under increasing pressure to demonstrate their commitment to social and environmental responsibilities (Deigh & Dawes-Farquhar, 2021).

Financial services firms play a crucial role in the national economy, influencing capital flows, economic stability, and overall economic growth. Effective economic performance in these firms is critical not only to their own success but also to the broader economic stability and development of Nigeria, which relies heavily on a well-functioning financial sector to support economic activity and investment (Adedoyin & Moruff, 2024). In the Nigerian context, the situation is compounded by unique challenges, including inconsistent regulatory enforcement, limited transparency in CSR practices, and varying levels of stakeholder engagement (Adedoyin & Moruff, 2024). These factors create a complex environment for evaluating the true impact of CSR disclosure on

economic value, making it essential to examine the specific effects within Nigeria's financial services sector.

Moreover, the need to address the challenges of economic value added has increased the importance of corporate social responsibility disclosure (CSRD). CSRD is the practice of companies publicly reporting their social and environmental performance (Ramzan *et al.*, 2021). Despite its growing importance in business strategy, Corporate Social Responsibility (CSR) presents several challenges. A primary issue is the lack of standardized definitions and measurement frameworks, which complicates the assessment and comparison of CSR initiatives across industries and regions (Itoya *et al.*, 2022). Companies often struggle to align CSR goals with business objectives, as balancing profitability with social and environmental commitments is challenging. Additionally, managing diverse stakeholder expectations and maintaining transparency are critical; any perceived discrepancies between a company's CSR claims and actual practices can lead to reputational damage (Dammak *et al.*, 2024). The evolving regulatory environment also introduces complexities, particularly for companies navigating varying international standards. Issues such as authenticity and the risk of greenwashing further complicate CSR efforts, as companies must ensure that initiatives are genuinely impactful rather than merely symbolic (Dammak *et al.*, 2024). Several studies provide empirical evidence on the effect of corporate social responsibility disclosure on economic value added across different sectors of the economy (Wulan, 2023; Sumritsakun, 2023; Adamkaite *et al.*, 2023; Tsatsaronis *et al.*, 2024). However, a gap exists in this body of literature, as most studies were conducted in developed nations. Generalizing the findings to the Nigerian context is difficult due to differing corporate governance codes. Therefore, to address the identified gap, the study investigates the effect of corporate social responsibility disclosure (with a specific focus on community responsibility disclosure, community responsibility disclosure, and health and safety disclosure) on the economic value added of financial services firms listed in Nigeria.

The study examines different types of corporate social sustainability disclosure and their impact on the economic value added of financial service firms. It helps management at firms understand which forms of social disclosure are beneficial to the company and which are costly and intended to decrease the company's economic value. Moreover, it is useful to the academic community because it provides a basis for comparison with studies conducted in other developing countries and with numerous studies in developed countries. This research has added to the body of knowledge about CSR, especially regarding the disclosure of CSR to company stakeholders, to align with global best practices. It is suggested that future studies can examine other economic performance variables, such as market value added, operating cash flows, and returns on equity. Also,

other studies should extend their research to include quoted non-financial services firms and other sectors of the economy whose operations significantly impact stakeholders' value.

REVIEW OF LITERATURE

This section provides the conceptual, theoretical, and empirical review and development of hypotheses.

Conceptual Review

2.1 Economic Value Added (ECVA)

ECVA is a financial performance metric that captures firms' actual profits and was introduced by Stern Stewart & Co in the 1990s. It measures the surplus value generated over and above the required return that shareholders or investors expect for the capital invested (Young & O'Byrne, 2000). The key idea behind ECVA is that a firm creates wealth only when its operations generate returns that exceed the opportunity cost of its invested capital. As a result, it is a superior measure of value creation relative to traditional accounting profits, which often ignore the cost of equity. ECVA has gained recognition for aligning management's decision-making with shareholder value by considering both operational efficiency and capital structure. Unlike other financial metrics, such as profit before interest and tax or earnings per share, ECVA focuses on economic rather than accounting profits, making it a more accurate indicator of long-term value creation (Worthington & West, 2024). By incorporating the cost of capital, ECVA discourages overinvestment in projects that do not meet the required return thresholds, thereby enhancing capital efficiency. Biddle et al. (2020) suggest that firms using ECVA as a performance metric experience better financial performance, as it encourages sustainable, value-generating strategies over short-term earnings manipulation.

2.2 Corporate Social Responsibility Disclosure (CSR)

This report examines organizations' strategic approaches to aligning operations with ethical standards, environmental sustainability, and community development to create a positive impact beyond profit. Adeyemi and Ogundipe (2023) affirm that CSR goes beyond philanthropic activities and encompasses active involvement in strategic and ethical practices that address social and environmental issues, as well as the need for corporations to integrate social and environmental concerns into their business operations. This perspective suggests that CSR is not just an add-on activity but should be embedded in the company's core values and operations, contributing to long-term sustainable growth. Johnson and Singh (2022) describe CSR as a corporation's obligation to contribute to societal goals, such as ethical labor practices, environmental protection, and community welfare, while balancing the needs of stakeholders and shareholders. CSR is a way for businesses to align their strategies

with stakeholder expectations and focus on being socially responsible and environmentally friendly toward shareholders and other stakeholders (Johnson & Singh, 2022).

2.2.1 Community Responsibility Disclosure

This refers to the information provided by firms about their initiatives and impact on local communities. It includes details on community engagement, support for local projects, and contributions to social development. Effective community responsibility disclosure demonstrates a firm's commitment to positive social impact and community support. Ukah and Okafor (2022) assert that community responsibility disclosure is a company's voluntary effort to communicate its social and economic impact on the communities where it operates. This disclosure encompasses information on charitable activities, community engagement, infrastructure development, and programs aimed at improving community well-being, and is essential for building trust with local stakeholders and fostering sustainable relationships. In the global economy, community responsibility disclosure enhances corporate reputation and addresses societal challenges, thereby aligning with broader corporate social responsibility goals. Johnson (2023) affirms that community responsibility disclosure is a mechanism by which firms provide details about their investments in local communities. This concept includes initiatives in education, health, and employment that directly benefit the community. The author elaborates that by disclosing such activities, firms demonstrate their commitment to inclusive growth and sustainable development. Community responsibility disclosure also serves as a means of measuring the social return on investment for corporations, showcasing alignment with the Sustainable Development Goals (SDGs).

2.2.2 Health and Safety Disclosure (HSFD)

Health and safety disclosure is the practice of organizations publicly reporting on their efforts, policies, and strategies to protect the health and safety of the workforce, including steps to prevent workplace accidents, ensure workforce well-being, and comply with health and safety regulations. James and Leary (2023) define health and safety disclosure as the public communication of a company's policies, procedures, and performance in ensuring the well-being of employees, customers, and other stakeholders. The growing prominence of corporate transparency and accountability has led firms to disclose their health and safety measures, especially in high-risk industries. This enhances corporate reputation and improves stakeholder trust. Abdul-Rahman and Koko (2022) describe health and safety disclosure as the systematic reporting of occupational health and safety data within sustainability or corporate social responsibility (CSR) reports. There is a need for HSFD in developing countries, including Nigeria; the importance of such disclosures is increasing

due to regulatory pressures and the need for foreign investment.

2.2.3 Educational Initiatives Disclosure (EIND)

EIND report on firms' efforts and investments in educational programs and initiatives, including scholarships, training programs, educational partnerships, and support for educational institutions. Educational initiatives disclosure highlights the firm's commitment to enhancing educational opportunities and contributing to societal development. Adamu and Alade (2023) define education initiatives disclosure as the systematic reporting of a company's contributions to educational programs that empower communities, particularly in developing countries. The authors argue that disclosing such initiatives provides a window into a company's social responsibility efforts, especially in regions where education is underfunded. In Nigeria, firms that disclose their educational contributions are seen as community builders, enhancing their corporate reputation and fostering loyalty among local communities. Johnson and Liu (2022) describe education initiatives disclosure as the publication of detailed information about corporate-sponsored educational activities, such as scholarships, school building projects, and vocational training programs. This form of disclosure is particularly important for financial services firms operating in developing countries, as it not only boosts local human capital but also aligns with global CSR trends and positions companies as agents of social change, improving both their image and stakeholder relationships.

2.3 Theoretical and empirical review and development of hypotheses

2.3.1 Community Responsibility Disclosure and Economic Value Added

Stakeholder theory was put forward by Edward R. Freeman in 1984, proposing that firms should not only focus on profit for shareholders' benefit but also create value for all stakeholders. Stakeholders are persons who can affect the decisions of an organization or can be affected by the decisions of an organization, can either benefit or be harmed by the corporate decisions and actions of the organization, and comprise employees, customers, suppliers, government, community, trade associations, media, competitors, financial institutions, non-government organisation, activist groups, etc. Stakeholder theory delivers a convincing rationale for investigating the effect of community responsibility disclosure on economic value added. Thus, in Thailand, Sumritsakun (2023) investigated the impact of community performance disclosure reports on the value relevance of accounting information with a case study approach in Thai publicly traded companies. The sample for this study comprises 617 Thai enterprises that went public from 2013 to 2017. The interaction coefficient of the effect of community performance disclosure on book value per share was positive.

Similarly, Javier et al. (2024) examine how reputable multinational firms can be in terms of CSR and internationalization in Spain. One hundred and thirteen multinational firms in the USA across the energy, chemical, and industrial machinery sectors were used as a sample to test the research hypothesis from 2005 to 2010. The study contributes to the debate on CSR and the reputation of multinational companies and incorporates the mediating role of social performance. Similarly, in Vietnam, the study found a complementary mediation effect whereby CSR disclosure has a favorable impact on the financial performance of listed businesses (Thuy et al., 2021). Also in Africa, the study by Ama et al. (2021) revealed that multinational companies pay attention to CSR policies, which have led to sustained financial performance in Ghana. On the contrary, Quoc et al. (2021), in their study of listed banks in Vietnam, found that ROA and net interest margin (NIM) have a negative influence, while return on equity (ROE) has no effect on CSR. Also, earnings management has a statistically significant negative effect on CSR among firms in Portugal (Tiago et al., 2021). Likewise, it was found that CSR is not statistically significantly influenced by the return on assets (ROA) of oil and gas companies in Nigeria (Yushau & Aliyu, 2024). Thus, the first hypothesis is stated thus:

H₀₁: Community Responsibility Disclosure has no significant effect on the economic value added of listed financial services firms in Nigeria.

2.3.2 Health and Safety Disclosure and Economic Value Added

Mohammed and Kabir (2019) affirm that stakeholder theory considers the groups, corporate bodies, and individuals who have a stake in an organisation. Stakeholders' needs should be considered before any action or decision is taken. In fields like management, human resources, and law, stakeholder theory challenges the usual analysis conception structure. A fundamental quality of stakeholder theory is its attempt to identify the individuals and groups to whom organizations are accountable. Stakeholder theory provides that companies should prioritise the health and safety of the employees at the workplace and the host community located in the environs where the firms are situated. This is achieved by developing strategies and policies to ensure the safety of workers and the broader populace. These go a long way to enhance the economic value of the firm. To buttress this link, a study by Rupjyoti and Kailash (2023) in India investigates the impact of voluntary CSR disclosure on the market value of quoted companies. It was found that higher levels of voluntary disclosure significantly increase the market value of sample firms. Similarly, in South Africa, Ephraim (2023) investigated the link between health and safety disclosure and corporate value. The fixed-effects panel data analysis approach is used to estimate the variable coefficients for sampled corporations listed on the Johannesburg Stock Exchange in South Africa. The

findings show a positive effect of health and safety disclosure on business value.

Conversely, Evangelinos *et al.*, (2024) examine the effect of occupational health and safety disclosures on sustainability reports, finding that communicating qualitative and quantitative information on HSF in sustainability reports was inadequate, limited to the mere reporting of occupational injury rates. Similarly, Wada *et al.*, (2022) investigate the effect of health and productivity management on stock prices; their analytical results reveal abnormal returns. Thus, the second hypothesis is stated thus:

H₀₂: Health and Safety Disclosure has no significant effect on the economic value added of listed financial services firms in Nigeria.

2.3.3 Educational Initiatives Disclosure and Economic Value Added

Freeman (1984) suggests that a manager bears a fiduciary relationship to stakeholders, whom he defines as groups or individuals who can affect or be affected by the organization's objectives, such as employees, customers, suppliers, and the host community. The instrumental stakeholder technique shows the firm as following its interest by governing its cooperation with other stakeholder groups. The normative perspective contends with the stakeholder. The cardinal argument of this approach to stakeholder theory is that stakeholder concern should be addressed not only for crucial or strategic purposes, but also out of moral obligation or commitment. The essence of stakeholder theory, therefore, is to check the interaction between companies and their stakeholders. The primary objective of stakeholder theory is to provide a framework for business ethics by acknowledging the plurality of merit and moral agency at distinct levels and offering an in-depth understanding of a company's intricate moral responsibility, unlike other economic theories. The corporate philanthropic gestures of firms toward the development of educational institutions, such as scholarships, sponsorships, donations to educational programs, training, and other support for educational institutions, enhance the economic value of companies engaged in such benevolent practices.

Accordingly, disclosing educational initiatives can enhance firms' value. This connection was further supported by Thompson and Adams (2023), who investigated educational sponsorship and accounting information quality in a sample of 105 manufacturing firms listed on the Indonesia Stock Exchange from 2016 to 2020. The findings revealed that disclosing educational sponsorship improves the quality of accounting information. Likewise, Endian and Suryandari (2023) present empirical evidence of the significance of educational disclosure reports, using a sample of 306 firms quoted on the Indonesia Stock Exchange from 2017 to 2020. The findings indicate that

educational disclosure reports are quite valuable in making investment decisions. Alternatively, Wulan (2023) examines the relationship between corporate social responsibility disclosure and firm value. The literature review is restricted to studies conducted between 2020 and 2022 and includes recognized, relevant articles. According to the article, there are still discrepancies in research on the relevance of CSR disclosure. Equally, Yadong *et al.*, (2021) examine the effect of CSR on financial performance with the moderating role of fintech in Germany. Results revealed an insignificant influence of CSR on ROA, ROE, and NIM. Thus, the third hypothesis is stated as follows:

H₀₃: Educational Initiatives Disclosure has no significant effect on the economic value added of listed financial services firms in Nigeria.

METHODOLOGY

A longitudinal research design was employed for this study. The total population of forty-nine (49) firms publicly listed in the financial sector in Nigeria as at 31st December 2025, was purposively used as samples, as the audited financial statements were available from 2013 to 2025 (period of thirteen years). The total population was also purposively selected as a sample.

The model specification of this study is stated as follows:

$$ECVA_{it} = f(CSRD_{it}) \text{ -----Equation (i)}$$

$$ECVA_{it} = f(CMRD_{it}, HSF_{it}, EIND_{it}) \text{ ----Equation (ii)}$$

$$ECVA_{it} = a_i + \beta_1 CMRD_{it} + \beta_2 HSF_{it} + \beta_3 EIND_{it} + \epsilon_{it} \text{ ---Equation (iii)}$$

Where ECVA = Economic value added
 CSR = Corporate social responsibility disclosure
 CSR = (CMRD + HSF + EIND)
 CMRD = Community responsibility disclosure
 HSF = Health and safety disclosure
 EIND = Educational initiatives disclosure
 β_1 - β_3 = Coefficient of independent variables
 ϵ_{it} = Error terms of firm i and time t

The data obtained were analysed with the aid of statistical tools, which include descriptive statistics, correlation analysis, normality test, multicollinearity test, heteroskedasticity and autocorrelation test, Hausman, and regression specification test. Panel-corrected standard errors were also used to address the empirical and statistical challenges in testing for heteroskedasticity, autocorrelation, and cross-sectional dependence.

Corporate social responsibility disclosure was proxied by community responsibility disclosure, health and safety disclosure, and educational initiatives disclosure, while the dependent variable is economic value added. The measurements of each variable are presented in Table 1.

Table 1: Measurement of Variables

S/N	Variable	Description	Measurement	Source
A	Independent Variable Corporate Social Responsibility Disclosure			
1	Community Responsibility Disclosure	This refers to the information provided by firms about the initiatives and their impact on local communities. It includes details on community engagement, support for local projects, and contributions to social development	It is measured as a dummy where '1' is assigned to a firm with annual reports with local community information and '0' for otherwise.	Sumritsakun (2023); Afrogha et al. (2022)
2	Educational Initiatives Disclosure	This refers to the reporting of a company's efforts and investments in educational programs and initiatives. It includes details on scholarships, training programs, educational partnerships, and support for educational institutions	It is measured as a dummy where '1' is assigned to a firm with annual reports with educational sponsorship information and '0' for otherwise.	Thompson & Adams (2023). Endian and Suryandari (2023)
3	Health and Safety Disclosure	Health and safety disclosures involve the public communication of a company's efforts and results in ensuring the well-being and safety of its employees, customers, and stakeholders.	It is measured as a dummy where '1' is assigned to a firm with annual reports with Health and Safety information and '0' for otherwise.	Ephraim (2023)
B	Dependent Variable Economic Value Added			
4	Economic Value Added	Measures the company's true economic profit by calculating the value created for the shareholders	Measured as Net Operating Profit After Taxes minus Cost of Capital	Young & O'Byrne (2000)

Authors' compilation (2026)

RESULTS OF ANALYSES AND DISCUSSIONS OF FINDINGS

The results of descriptive statistics, as presented in Table 2, show that economic value added (ECVA) has a mean of 1.9245 and a standard deviation of 2.6008, indicating that ECVA varies across sampled firms, as the SD is far from the mean. The coefficient of variation (CV) exceeds 100, and the data range from -3.27 to 8.9936. The skewness of ECVA is positive, and the kurtosis of 1.0096 is abnormal, while the skewness of 2.9672 indicates the data are normally distributed. Disclosure has a mean of 0.965 and an SD of 0.1832, indicating that health and safety costs across the sampled financial services firms are moderately viewed, considering the closeness of the standard deviation to the mean and a CV of 18.98%. The minimum (min) health and safety disclosure (HSFD) score is 0, while the maximum (max) value is 1. The sum of HSFD is 223. The data for HSFD are negatively skewed, with a skewness of -5.090, and have a kurtosis of 26.26910,

implying that the data are abnormally dispersed. Education and initiative disclosure (EIND) has a mean of 0.7099 and an SD of 0.4547, indicating great variance in education and initiative disclosure, with a coefficient of variation of 60.4 percent, implying that there is high variation in the education and initiative disclosure of sampled financial services firms. The minimum (min) value of the education and initiative disclosure is 0, and the maximum value is 1. It has a total sum of 164, and the variable is negatively skewed, with a skewness of -0.9253 and a kurtosis of 1.8562, indicating that the variable is abnormally dispersed. Community responsibility disclosure (CMRD) has a mean of 0.6493 and an SD of 0.4782, indicating high variance across sampled financial services firms, given the distribution of the mean relative to the SD. This is evidenced by a coefficient of variation of 73 percent. The min of CMRD is 0, with a max value of 1. The total sum of CMRD is 150, indicating negative skewness (-0.6259) and a kurtosis of 1.13918, which implies that the variable is normally distributed.

Table 2: Descriptive Statistics

Variables	ECVA	HSFD	EIND	CMRD
Obs	637	637	637	637
Mean	1.9245	0.9653	0.7099	0.6493
S. Dev	2.6008	0.1832	0.4547	0.4782
Coeff. V.	1.3513	0.1898	0.6405	0.7364
Min	-3.2741	0	0	0
Max	8.9936	1	1	1

Variables	ECVA	HSFD	EIND	CMRD
Sum	444.5789	223	164	150
Skewness	1.0096	-5.0902	-0.9253	-0.6259
Kurtosis	2.9672	26.910	1.8562	1.3918

Source: Authors' Computation (2026)

The Correlation Analysis of study variables is presented in Table 3. There exists a direct and affirmative relationship between economic value added (ECVA) and health and safety disclosure (HSFD), indicating that a one-time increase in its health and safety disclosure will improve the economic value added of sampled financial services, with a coefficient of 0.1535 and a p-value of 0.0196 (significant at 5%) as presented in Table 3. Also, the correlation between education initiative disclosure (EIND) and economic value added (ECVA) is inverse, with a coefficient of -0.1602 and a p-value of 0.00148. This implies that a one-time improvement in an education initiative (EIND) will decrease economic value added by 16.02%, which is significant at the 5% level. Moreover, in Table 3, community responsibility

disclosure (CMRD) has a negative relationship with economic value added (ECVA). This shows that a 1-unit increase in community responsibility decreases economic value added by 25.95%, with a coefficient of -0.2595 and a p-value of 0.001. Overall correlation results indicate that corporate social responsibility disclosure (CSR) is significantly and negatively related to the economic value added of sampled listed financial services firms. The result also shows an affirmative relationship among the independent variables, indicating that all move in the same direction. The link among the independent variables is not strong enough to cause multicollinearity, as none of them is above 0.7, which implies that there is a strong association among the variables.

Table 3: Correlation Analysis of Study Variables

	ECVA	HSFD	EIND	CMRD
ECVA	1.0000			
HSFD	0.1535* (0.0196)	1.0000		
EIND	-0.1602* (0.0148)	0.0355 0.5918	1.0000 0.2296	
CMRD	0.2595* (0.0001)	0.0593 (0.3698)	0.1301* (0.0483)	1.0000 1.0000

Source: Authors' Computation (2026)

The normality test for the data distribution is presented in Table 4. For the probability (p-value) of the F-test and t-test to be valid, a normality test is carried out under the assumption of a linear model, where the residuals are independently and equally distributed. Although the descriptive statistics for all variables indicate they are not normally distributed, which would imply no significance, the normality of the residuals is

paramount. The normality of the residuals was assessed using the Shapiro-Wilk test, as presented in Table 4, with a p-value below the 5% significance level. Thus, the null hypothesis is rejected, and the data are normally distributed according to the Shapiro-Wilk test and the SK test. For this reason, it is concluded that the residuals of the models are normally distributed.

Table 4: Test for Normality of distribution of data (Shapiro-Wilk)

Variables	Obs	W	V	Z	Prob>z
Economic value added residuals	637	0.96282	6.291	4.262	0.00001

Source: Authors' Computation (2026)

Table 4a: Test for Kurtosis/ (Skewness) for Normality of data

Variables	Obs	Pr (Skewness)	Pr(Kurtosis)	adj chi2(2)	Prob>chi2
Economic value added residuals	637	0.4606	0.0554	4.25	0.1194

Source: Authors' Computation (2026)

Table 5 presents the results of the multicollinearity test. This test was conducted to assess the validity of the regression model assumption that more than one explanatory variable is highly correlated. The variance inflation factor (VIF) is used to examine

associations among variables and to test for multicollinearity. Results are expected to be insignificant if the VIF tolerance values are far from the well-known rule of thumb. The VIF values presented in Table 5 indicate no multicollinearity, as all VIFs are less than 10

and tolerance values are higher than 0.10. Hence, the regression coefficients can be relied upon to predict the effects of the independent variables on the dependent

variables, and the results of this study will be considered valid.

Table 5: Test for Tolerance (Variance Inflation Factor (VIF) Value)

Variable	VIF	1/VIF
CMRD	1.02	0.980087
EIND	1.02	0.982306
HSFD	1.00	0.995702
Mean VIF	1.01	

Source: Authors' Computation (2026)

The tests for heteroskedasticity and autocorrelation are presented in Table 6. The Breusch-Pagan/Cook-Weisberg test in Table 6 indicates the presence of heteroskedasticity, as the probability value of 0.0098 is less than the normal threshold of 0.05, meaning that the error term is not constant across the values of the residuals. Table 6 also presents the results of the autocorrelation test, which yields a p-value of 0.0016 at the 5% significance level, indicating the presence of autocorrelation. Similarly, Table 6 presents the cross-sectional dependence test. The result shows

that the null hypothesis of cross-sectional dependence is strongly accepted, since the probability value of 0.0221 and the average absolute value of the residual correlation of 0.346 are both obtained, with evidence that corporate social responsibility disclosure and economic value added under fixed-effect conditions exhibit cross-sectional dependence. Therefore, the results in Table 6 indicate the presence of heteroskedasticity, cross-sectional dependence, and autocorrelation, which were addressed using panel-corrected standard errors, as presented in Table 9.

Table 6: Test for Auto-Correlation (Heteroskedasticity)

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity	
chi2(1) = 6.67	Prob > chi2 = 0.0098
Wooldridge test for autocorrelation	
F (1, 20) = 13.282	Prob > F = 0.0016
Pesaran's test of Cross-Sectional Independence	
no cross-sectional dependence (P>0.05)	2.288, Pr = 0.0221
Average absolute value of the off-diagonal elements =	0.346

Source: Authors' Computation (2026)

Panel Unit Root is presented in Table 7. Panel variables have the propensity to be non-stationary at the level, which may sometimes affect the consistency and stability of the model. This study adopts the Levin-Lin-Chu unit-root test to ascertain stationary conditions of variables, and it is expected that the assumption of the null hypothesis of all panels of the unit root encompass

unit roots, while the alternate hypothesis implies that some panels are stationary. The results in Table 7 reveal that all variables are integrated of order 1(0), hence the cointegration test is unnecessary. The panel least squares regression test is an authentic and efficient model for testing the hypothesis.

Table 7: Panel Unit Root Test

Variable	Levin-Lin-Chu unit-root test	
	Statistics	P-value
ECVA	-5.4106	0.0000
HSFD	-5.1728	0.0000
EIND	-15.1381	0.0000
CMRD	-1.6663	0.0478

Source: Authors' Computation (2026)

Table 8 presents the Hausman test, conducted to determine which model best fits the three objectives. The test revealed that the probability values are not significant at the 5% level. This indicates that variation across the sampled financial services firms is presumed to be haphazard and not correlated with the independent variables included in the models. As a result, the most

efficient model to consider is the random-effects model. The random-effects test, known as the Breusch and Pagan Lagrangian multiplier, was conducted to determine whether the pooled ordinary least squares or random-effects model is preferred. The result is in favour of the random-effects model, as the probability value is significant at 5%.

Table 8: Regression Specification Test

Hausman Test: Ho: difference in coefficients not systematic		
chi2(3) =	6.35	Prob > chi2 = 0.0958
Breusch and Pagan Lagrangian multiplier test for random effects		
Var	sd =	sqrt (Var)
ECVA	6.76451	2.600867
e	2.318991	1.522823
u	3.911305	1.977702

Source: Authors' Computation (2026)

The results of the Panel-Corrected Standard Error (PCSE) regression are presented in Table 9. They indicate how measures of corporate social responsibility, specifically health & safety disclosure, education sponsorship, and community development, affect economic value added once the assumptions underlying the best linear unbiased estimate are met. The Hausman specification test and the Breusch and Pagan Lagrangian multiplier test favored the random-effects OLS regression. However, empirical and statistical difficulties with tests for heteroskedasticity, autocorrelation, and cross-sectional dependence prompted the use of panel-corrected standard errors in the regression to address these issues. The linear model yields a Wald chi2(3) statistic of 12.84 with a p-value of 0.0050, corresponding to a 5 percent significance level, as presented in Table 9. Likewise, an R2 of 0.1192 indicates that the independent variables jointly explain 11.92% of the variation in the dependent variable, with additional variation captured by the error term. This implies that any change in the current form of corporate social responsibility among the sample financial services firms will alter the firm's economic value added by up to 11.29 percent. Overall, the regression results indicate that measures of corporate social responsibility have an adverse and statistically significant effect on the economic value added of listed financial services firms in Nigeria.

Moreover, the regression results show a coefficient of 0.9718, a Z-statistic of 1.78, and a probability of 0.075 for health and safety disclosure (HDSF), indicating a positive and statistically insignificant effect of HDSF on the economic value added (ECVA) of financial services firms quoted on the Nigeria Exchange Group. The insinuation is that ensuring the health and safety of the workforce will

motivate employees to work diligently, improving the firm's productivity and leading to higher performance with lower financing costs, which will positively influence the firm's economic value.

In addition, the results revealed that education initiative disclosure (EIND) has a negative and insignificant effect on the economic value added (ECVA) of financial services firms listed in Nigeria, with a coefficient of -0.4014, a Z-statistic of -1.34, and a probability of 0.179, as presented in Table 9. This implies that education initiative disclosure (EIND) increases the company's financing costs, thereby negatively affecting the economic value added (ECVA) of financial service firms in Nigeria. Moreover, the beneficiary of this social responsibility is usually not a direct stakeholder in the company, and positively influencing its performance may not be possible, hence the negative effect.

Furthermore, the results presented in Table 9 indicate that community responsibility disclosure (CMRD) has a negative but statistically significant effect on the economic value added (ECVA) of financial services firms listed in Nigeria. This is evidenced by the coefficient value of -0.7629, the Z-statistic of -2.76, and the probability of 0.006. This implies that community responsibility disclosure (CMRD) incurs costs that do not match the benefits of engaging in community responsibility, especially for financial service firms with lower environmental impact. It also indicates that because financial services firms show a lower commitment to community responsibility, their legitimacy with the host community is minimal, which, in turn, affects overall economic performance.

Table 9: Panel Corrected Standard Error (PCSE) Regression Results

Panel-corrected				
ECVA	Coef.	Std. Err.	Z	P> z
HDSF	0.9718	0.5454	1.78	0.075
EIND	-0.4014	0.2986	-1.34	0.179
CMRD	-0.7629	0.2768	-2.76	0.006
Cons	1.40761	0.5663	2.49	0.013
Number of obs	= 637			
R-squared (R ²)	0.1192			
Wald Prob>chi ² (3)	=12.84	Prob>chi ²	=	0.0050

Source: Authors' Computation (2026)

DISCUSSION OF FINDINGS

Overall, the study found that corporate social responsibility disclosure has a statistically significant effect on the economic value added of financial services firms listed on the Nigerian Exchange Group. Results from the analysis imply that the CSR disclosure method used by the sampled financial services firms is not in the right direction and is insufficient. The negative effect of community responsibility can be that key stakeholders in the community are not consulted to provide proper direction on the kind of responsibility to take. If the social responsibility does not meet the needs of the host community, then the legitimacy that needs to be passed on to the firm will be jettisoned, and the needed support will not be granted.

The result of the study further proves that the research opinion that economic value added is mainly tied to a company's ability to adapt to macroeconomic challenges, such as inflation and currency devaluation, is not valid. The significant effect of corporate social responsibility implies that if a company seeks long-term, sustainable growth by continually adding economic value, it needs to balance its corporate social responsibility with its wealth-maximization goals. When the companies align their CSR strategies to meet the expectations of various stakeholders. These stakeholders ensure that the company's societal contract profits, which enhance steady improvement in economic value and tremendous increases.

The results show a negative effect of CSR disclosure on the economic value added of financial services firms listed in Nigeria. It supports the findings of Wada et al. (2022), which investigate the value effect of health and productivity management on stock prices, and reveals that health performance management has a positive and statistically significant effect on stock prices. The study also aligns with Sumritsakun (2023), which investigated the impact of community performance disclosure reports on the value relevance of accounting information through a case study of listed firms in Thailand. It was revealed in the findings that community performance disclosure, as well as earnings per share, were negative.

Conversely, the results of this study contradict those of Yushau and Aliyu (2024), who investigated the relationship between CSR and financial performance among oil & gas firms listed on the Nigerian Exchange Group. It was found that CSR has a positive but not statistically significant effect on the return on assets of sampled oil and gas companies in Nigeria. Moreover, the findings of this study differ from those of Ugo and Daniel (2024), who studied CSR and the performance of companies listed on the Nigerian Exchange Group. The results revealed that CSR has a positive, statistically significant effect on the profit (measured by return on equity) of the sampled listed Nigerian firms. The

difference in the result may be attributed to the measurement of economic performance.

CONCLUSION

The study's findings indicate that educational initiatives disclosure and community responsibility disclosure negatively affect the economic value added of sampled companies, whereas health and safety disclosure positively influences the economic performance of financial service firms. The study concludes that when companies seek to increase shareholders' wealth after deducting all approved expenditures from their operating profit, improvements in the company's efforts and results in ensuring the well-being and safety of its employees are key. Additionally, examining CSR disclosure that can influence the economic value of companies, detailed communication of companies' impact on local communities through support for local projects and contributions to social development has a significant effect. In consonance with the results of this study, it is therefore recommended that management of financial services firms should endeavor to align community responsibility with the host community's expectations to meet needs and enhance their reputation, which is needed for improved economic performance. Moreover, companies should intensify their efforts to ensure the safety of their workforce, thereby guaranteeing their well-being and significantly improving firms' economic value added. CSR related to education should focus more on vocational training programs that boost local human capital and create value for shareholders.

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Appendix 1

Population and Sample Size

FINANCIAL SERVICE FIRM	POPULATION	SAMPLE SIZE
Deposit Money Banks	14	14
Insurance firms	15	15
Assurance firms	7	7
Mortgage bank	3	3
Savings & Investment	9	9
Micro-finance bank	1	1
TOTAL	49	49