



Financial Performance Determinants and Corporate Social Responsibility Financing of Listed Manufacturing Firms in Nigeria

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Abstract

Corporate Social Responsibility (CSR) ideologies have been upheld globally; and it has become one of the yardsticks for performance evaluation in the global business sphere. In as much as this hold true, the financial commitment that is associated with this practise are still inadequate. The study examined how financial performance determinants influence CSR financing of listed manufacturing firms in Nigeria. Secondary data was obtained from the annual reports of selected quoted manufacturing firms for the period of 2002 to 2019. A sample size of 20 listed manufacturing firms out of 64 manufacturing firms that were quoted on the Nigerian Stock Exchange as on 31st December 2018; was selected using Purposive Sampling Technique. Descriptive statistics and panel data regression analysis was used in analysing collected data. The findings showed that firms' profitability has positive and significant effect on CSR financing; while financial indicators like return on asset and leverage have negative and insignificant effects. The study concluded that profitability of companies significantly influences their ability to finance CSR. Although, return on asset and leverage has negative effect, it can be managed. The study therefore recommends that companies should intensify efforts to increase profit base, to give adequate room for financing CSR massively in order to harness the benefit that accompany the companies that are socially responsible.

Keywords: Corporate Social Responsibility Financing, Leverage, Profitability, Return on Asset, Nigeria

JEL Classification: G32, C33, D92

Paper Classification: Research Paper

Introduction

The drive for integrated financial reporting in recent times have made the issue of corporate social responsibility a global discuss (Wong, Tong, Takeuchi & George, 2016). This development has made firms face the pressure of undertaking CSR regardless of the surrounding circumstances. The clamour for CSR originated from the emergence of industrial development of the 18th century where the existing agro-economy was gradually been replaced with high-tech manufacturing activities by factories. These numerous manufacturing activities overtime birthed a lot of social and environmental problems. The applications of technological machinery to agriculture have

led to mass loss of biodiversity which human being depends on for productivity and national development (Onyali, Okafor, & Egolum, 2014). This is the justification for pressurising companies to make social and environmental responsibilities part of their strategic plans and consider their relationship with concerned stakeholders voluntarily (Reverte, 2009).

The opinion of scholars is that, business organisations need to make positive contributions as well help to improve the welfare of their host community, since they cannot carry out their operations in seclusion (Odetayo, Adeyemi & Sajuyigbe, 2014). The increased awareness about the need for social responsibility has brought situation whereby companies are careful in their way of operations to reduce the effect on society and the natural environment (Igbekoyi, 2017). This is to say that organisational obligation has past the era of production of goods and services but now covers public wellness and environmental sustainability (Babalola, 2012).

The existence of protracted argument over the idea of CSR has led to controversy as to the expected functions of business organizations among the business stakeholders and the public at large in various countries. Some individuals regarded it as a selfless engagement, which by implication placed firms at freedom whether to engage in CSR or not. This position was supported by the argument of (Friedman, 1970). While others believe that CSR should form part of firms' corporate objectives which will enhance their ability to reciprocate the gesture of the immediate society through mutually beneficial initiatives as expected of modern-day organizations (Giannarakis, Konteos, Zafeiriou & Partalidou, 2016).

CSR advancement in Nigeria is characterised by different developmental phase because it is a relatively new phenomenon; whereas the concept in the Western world developed in the early 1950's. Against what is witnessed in the West, the major influencing factors behind CSR development in Nigeria was the presence of multinational companies that are controlled by foreign legislations operating in the country (Helg, 2007). Moreover, companies have been encouraged to engage in CSR investment because of pressure from customers, communities, investors, activist organizations and other stakeholders. Consequently, CSR has grown exponentially in Nigerian economy, with different categories of firms deploying diverse strategies towards speedy growth and development.

Further, one of the unresolved matter that craves for attention under this issue of discussion, is the identification of circumstances that persuade firms to invest in corporate social responsibility. Reverte (2009); Li & Zhang (2010); Wang, Song & Yao (2011) recognized relationship amongst CSR, Return on Assets, firm size, dividend paid, Economic Value Added (EVA), leverage, and institutional ownership when studying developed and emerging economies. However, studies on CSR disclosure in Nigeria by (Abdu, 2014) and (Ebringa, Yadirichukwu, Chigbu, & Ogochukwu, 2013) have varying findings. The variation in findings have put stakeholders in the difficulty of determining the factors that influence CSR investment. Thus, there is need to ascertain if previous factors documented to determine CSR in developed and other developing economies also determine CSR in Nigeria companies? More so, Ben Othman & Akrouit (2013) conducted a study in this area and made use of ordinary least square multiple regression and Chi-square techniques. It was discovered that these techniques are inadequate in terms of revealing time variant and specific feature issues, conducting fixed and random effects, hausman specification test and related robustness tests will further improve upon previous studies.

Considering these various assertions, it was observed that many of the researches conducted in this line were done in advanced economies; few studies were conducted in evolving economies most especially Nigeria and the study conducted focused on banks. Several researches have been conducted in developed countries (such as, Germany, China, Korea, India, United States, among

others) to examine the determinants of CSR financing but this is lacking in Nigeria most especially in the manufacturing sector. Hence, this study will be of great importance because it will analyse the various determining factors of CSR financing in the Nigerian manufacturing sector. It will also be of great importance to organisations, because firms will have the opportunity to diagnose the significance of CSR investment over the period covered by the study.

This paper is structured into five separate headings and other subheads; these covers the introductory aspect of the study, review of literatures to clarify concepts and show interactions between variables according to existing studies. The third heading is the explanation of data and methods used; analysis and discussions are done in the fourth heading; and finally, the conclusion and recommendations are outlined in the fifth heading.

Literature Review

Conceptual Clarifications and Hypothesis Development

Kamatra & Kartikaningdyah (2015) define CSR as activities carried out as a sense of societal obligation to the immediate environment, through engagement in actions that can alleviate the socio-economic well-being of local communities and protect the atmosphere. It may involve providing grants to the vulnerable groups in the community; improvement of existing public facilities; provision of amenities that are of common usefulness to the populace, especially residents of the company's host community. CSR is the inbuilt commitment of each firm to make available, explanations on the impact of its conducts on every facet of its surroundings and ensure that the outcome of its activities left concerned people with many benefits and less harm (De Regil, 2003).

The concept of CSR in this study is hinged on the ideologies of the stakeholder theory as developed by Richard Edward Freeman in 1984. The theory disabuses the claim that shareholders have reserved right to the firm because they finance it with their investment; but rather proposes that other stakeholders also have right to demand certain actions from companies. Freeman (1984) define stakeholders as any group or persons who can be influenced or compromised through the action of a firm; these comprise, employees, customers, suppliers, competitors, investors, governments, and may also include the society. Dapi & Phiri (2015) and Adekanmi, Adedoyin & Adewole (2015) stated in separate studies that stakeholder satisfaction is fundamental to companies, because they form a significant component of their performance evaluation. Although there are divergent views regarding the inclusion of the welfare of other stakeholders into the activities of the companies in favour of the stakeholders' theory; the submission that it contributes significantly to the performance and societal acceptance of the companies are more common than others.

This study measures CSRF based on the lump sum value invested in CSR activities as measured by (Farouk & Hassan, 2013). This measurement was adopted owing to the high level of objectivity and precision involved in the measurement (Dahlsrud, 2008). Also, considering the non-existence of statutory standard on integrated reporting, disclosure of social and environmental activities is still voluntary in most countries, including Nigeria (Galant & Cadez, 2017); the most efficient measurement is to capture the investment made on CSR in terms of donations as disclosed in the company financial statements.

Financial performance measures the degree of a company's financial wellbeing over a period (Naz, Ijaz & Najvi, 2016). In other words, it is a financial accomplishment generated through higher sales, profits and increase in shareholders' wealth through proper management of assets

and liabilities. Myskova and Hajek (2017) also posited that financial performance is related with the capability of company to generate income; boost the return on investments and meet its financial obligations. Management is expected to take conscious steps to sustain the financial capability of the company because it forms a cogent area of concern to stakeholders, especially the owners. This is because high financial performance indicates increase in wealth of the shareholders (Fauzi, Svensson & Abdul Rahman, 2010). Here, financial performance determinants considered are return on assets (ROA), profitability (PRO) and leverage (LEV). Although there are various measures of a company's financial wellbeing, this study specifically adopted these variables to cover both the internal and external assessment of financial performance in order to have a broader view of the concept.

The return on assets (ROA) is significant to this study because it explains how lucrative a company's resources are, in generating revenue in form of percentage. ROA signifies the ability of the company to generate revenues more than expenses from a given portfolio of assets measured at amortized historical costs. The results after computation of ROA implies the ability of firm's management to maximize the entrusted resources (Dharmadasa, Gamage & Herath, 2014); (Carter, D'Souza, Simkins & Simpson, 2010). The measurement of ROA is the ratio of profit after tax and total asset for a year; since CSR financing involve costs, and forms part of the components of costs incurred in a given year, then there is an indication that CSR spending will influence profit after tax. Profitability is also a significant determinant of financial performance; other studies debated the association between profitability and social disclosure policy (Ismail & Chandler, 2005); (Brammer & Pavelin, 2008); (Garcia-Ayuso & Larrinaga, 2003). Giner, Ruiz, Cervera & Arce (1997) opined that there is possibility that directors of lucrative businesses make CSR disclosures in their financials voluntarily to maintain and improve the levels of the past, present and future compensation. This study measures profitability as the total sales/turnover made by the company in a given year.

Leverage is a financial performance determinant described as the use of fixed costs to augment its asset acquisition activities and impact on its sales (Kapil, 2011). Bobinaite (2015) submitted that most companies commonly use debt as source of finance compared to preferred capital. The support for this statement in literatures makes leverage, a concept that is essential when explaining the financial performance and CSR activities of firms. Jensen & Meckling (1976) anticipate that firms heavily funded by debt are likely to voluntarily disclose expected information compared to those that are not. Brammer and Pavelin (2008) and Purushothaman, Tower, Hancock & Taplin (2000) however observed that the association that existed between CSR disclosure and leverage is negative. Brammer and Pavelin (2008) further explain that creditors of lowly geared firms are not likely to pressurize the management decisions over CSR. Although, findings regarding leverage relationship with CSR is mixed, it still holds that it is a major determinant of financial performance. Leverage is measured by the ratio of Debt to Equity.

Numerous studies scrutinized the link between CSR and financial performance in the advanced world including Nigeria. Despite the enormity of the studies, the perception of the studies remains inconclusive. When some studies posit that companies should get involved in CSR to increase profit and corporate image (Makni, Francoeur & Bellavance, 2009); (Weber, Koellner, Habegger, Steffensen & Ohnemus, 2008); (Brammer & Pavelin, 2006); others however perceived it as a competitive disadvantage because it leads to additional costs which adversely affect prices of products, employee wages, profits, and dividend (Reinhardt & Stavins, 2010); (Aupperle, Carroll & Hatfield, 2017).

Oyewumi, Ogunmeru and Oboh (2018) found that spending on CSR has depressing impact on corporate financial wellness of banks in Nigeria. It was also realized that disclosure and financial performance have positive relationship. Further consideration by (Nyeadi, Ibrahim & Sare, 2018) showed that there was no indication of link between social components and financial performance except in big firms. Uwaigbe and Egbide (2012) also affirm these findings related to the intensity of CSR disclosure by Nigerian firms. Tsoutsoura (2004) analysed the influence of CSR on performance of firms of California; the result after studying 500 firms, showed positive and statistically significant connection between CSR and firm performance. Kamatra and Kartikaningdyah (2015) conducted a similar study and their findings showed that the effect of CSR on ROA is partial; and NPM had no significant effect on ROE and EPS.

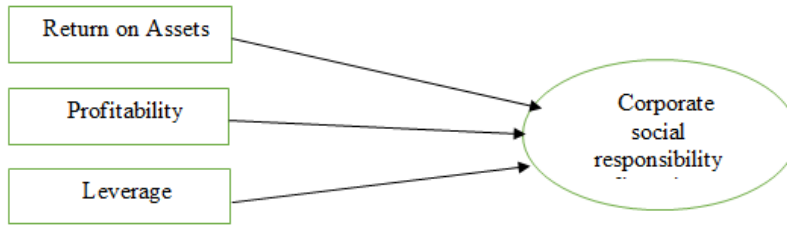
Considering the incentive for CSR implementation among public companies including listed banks in Indonesia during 2007 – 2009, it was revealed that the profitability proxies had a directional effect on CSR of 46 companies sampled while MVA indicates a negative relationship (Dian, Made, Djumahir & Eko, 2014). When Abiodun (2012) considered the relationship between CSR and firm profitability in Nigeria; the result indicated a negative relationship between the variables. Thus, it was concluded that firms that are making profits in Nigeria do not commit valuable money to CSR activities. The corporate financial performance of Korean firms; showed a positive and significant effect on stakeholder-weighted CSR index of sampled firms from 2002 – 2008 (Choi, Kwak & Cloe, 2010). Likewise, in Nigeria, (Farouk & Hassan, 2013) investigated the empirical relation of some financial performance indicators as a propeller for CSR activities among quoted Deposit Money Banks (DMBs) in Nigeria for the period of 2005 – 2011. It was revealed that leverage significantly impacts CSR of banks. Examining the perspective of industries (Baird, Geylani & Roberts, 2012) observed that the type of industry a firm belongs to has a great effect on its CSR performance and as well submitted based on linear mixed analysis, a link exists between corporate social performance and financial performance.

Some research findings tend toward the submission of agency theory and political economy theories regarding social responsibility. The analysis results of (Al-Shubiri, Al-Abedallat & Orabi, 2012) after investigating the determinants of CSR in Jordan aligned with this submission as they concluded that size of firms, firm's age and leverage influence disclosure of social responsibility activities. The positive correlation between CSR and financial performance was recorded in the study of (Vintila, 2013). It was discovered that Romanian companies have their CSR being influenced by their profitability level and their firm size. However, (Dkhili & Ansi, 2012) discovered a negative association between CSR and ROA after sampling 30 companies for a period of 2004 – 2007. Yamaguchi (2008) and Margolis and Walsh (2003) however, stated in separate studies conducted that firm's involvement in CSR did not in any way contribute to its profit but rather makes inefficient corporate performance and thus, stated that they found a negative relationship between CSR and financial performance.

From empirical literatures, it is evident that the results regarding the relationships that subsist between financial performance determinants and CSR are inconclusive. Also, it is discovered that most studies focussed largely on investigating CSR and corporate financial performance. There is need to go further into investigating how the financial performance of firms especially the ones in the manufacturing sector can influence their willingness to finance CSR. The hypothesis that is drawn is stated thus;

Ho: Financial performance determinants do not significantly affect CSR financing of listed manufacturing firms.

Figure 1: Interactions and conceptualization of financial performance determinants and corporate social responsibility financing



Source: Author’s Compilation (2019)

Data and Methods

Ex-post facto research design was applied to examine how financial performance determinants influence the financing of CSR of listed manufacturing firms in Nigeria. The study selected a sample size of 20 out of the population of 64 listed manufacturing firms as at 31st December 2018 using the Purposive Sampling Technique. Data were collected from financial statements of the firms as published; in addition, with factbook of the Nigerian Stock Exchange from 2002 to 2018. The descriptive statistics and panel data regression analysis was used to analyse the data collected. Tests were also conducted to determine the validity and reliability of data gathered before regression was done. The Hausman test helped to decide on the model that fits for interpretation between the fixed and random effects models.

Model was specified to show the nexus between variables in line with similar studies that were carried out in the study area. The model was coined out of the study on investment in corporate social responsibility, disclosure practices and financial performance conducted by (Oyewumi, Ogunmeru & Oboh, 2018) as adopted from the study of (Galant & Cadez, 2017). The study also adopts the financial performance determinants used in previous literatures on financial measures of performance. The corporate social responsibility financing was modelled in line with the stakeholders theory. The model is stated thus;

$$CSR_{it} = \beta_0 + \beta_1 ROA_{it} + \beta_2 PRO_{it} + \beta_3 LEV_{it} + U_{it} \dots\dots\dots \text{equation 1}$$

CSR = Ratio of the total amount spent on CSR to firm’s total asset.

β_0 = Intercept

$\beta_1 - \beta_3$ = Coefficient of the independent variables

ROA = Return on Asset of firm

PRO = Profitability of firm

LEV = Leverage of firm

μ = Error term of firm

it = ‘i’ in period ‘t’

The *a priori* expectation based on literatures reviewed and theories are as follows, $\beta_1 > 0$, $\beta_2 > 0$, $\beta_3 < 0$.

Analysis and Discussion of findings

Descriptive Statistics

Table I describes the statistical presentation of data used; variables used which include corporate social responsibility financing (CSRFB) (dependent variable); Return on Assets (ROA), Profitability (PRO) and Leverage (LEV) (Independent variables). As obtained from the result, CSRFB average was ₦4.71m ranging between a minimum of ₦0 which shows that no money was expended on CSR to a maximum of ₦29.9m spent on CSR. Also, the average return on the asset employed showed a return of 11.3% with a minimum of -187% and a maximum of 262%. The result also shows that on average, the profitability represented by sales is ₦166m with a minimum of ₦3.7m loss and a maximum of ₦244m made for the year. The result obtained also shows on an average a debt of ₦2.2m, a minimum of ₦1.3m and a maximum of ₦87m.

Table I: Descriptive Statistics of the Study Variables

Variables	Obs	Mean	Std. Dev.	Min	Max
CSRFB	317	4716269	2.36e+07	0	2.99e+08
ROA	315	.1129206	.2752099	-1.87	2.62
PRO	320	1.66e+07	3.22e+07	37034	2.44e+08
LEV	320	2223855	7878473	1307032	8.74e+07

Source: Author's computation (2019)

Analysis and Discussions

The result of the regression model in Table 2 specifies that financial performance proxies of sampled firms jointly affect CSR expenditure with a wald chi-square of 13.69 and a P-value of 0.0034 which is statistically significant at 1%. This shows that the model jointly explains the dependent variable. Data validity and reliability results obtained show a mean VIF of 1.06 implying that there exists no issue of multi-collinearity as no two independent variables strongly correlate or can serve the same purpose.

Hausman test was conducted to determine which of random effect or fixed effect model is fit for interpretation. The test result (0.8406) shows that the random effect model is appropriate. However, Langrangier Multiplier test was conducted to decide either to interpret the random effect model or the pooled OLS model. The result obtained supported the interpretation of the random effect model with a statistically significant LM test (0.000). The Hetttest (0.0247) shows that there is no equal variation among error terms and as such, issue of heteroskedasticity exists. As such, Generalized Least Square result of the random effect was done to overcome the issue of heteroskedasticity. The result of the GLS obtained further showed that there exists no issue of serial and auto correlation. All tests conducted ensured that the minimum assumption of OLS was complied with.

The result in Table 2 shows that ROA, PRO and LEV are joint predictors of CSR expenditure. The coefficient, Z-score and P-value was used as a basis of judgment for the effect of each individual variable on corporate social responsibility expenditure. It was however noted that there exists a negative relationship between CSR expenditure and return on asset with the coefficient of -0.0365. This implies that, the higher ROA of a firm, the lesser how firms fund CSR activities. However, the relationship is insignificant as can be obtained from the Z-score (-0.1) and P-Value (0.909).

The finding of the study aligned with the results of (Abiodun, 2012) who showed a negative relationship between firm profitability (ROA) and CSR. It is also in line with the study of (Hossain, Islam & Andrew, 2006) who studied CSR and environmental disclosure of firms in Bangladesh. The study revealed that return on asset (ROA) is not a significant factor in determining levels of disclosure among subsidiary of a multinational company. In a study conducted on firms in Africa, (Mansaray, Yuanyuan & Brima, 2017) and (Elouidani & Zoubir, 2015) confirmed that CSR affects ROA of firms negatively. It was explained in the study that the reason for the negative impact is because CSR is an extra cost burden on the firms.

However, in studies conducted by (Nyeadi, Ibrahim & Sare, 2018); (Johansson, Karlsson & Hagberg, 2015) and (Ismail & Chandler, 2005); they found positive relation between social disclosures and firms return on asset. This was because it was argued that the essential determinant of a social disclosure policy is management's mental capabilities. This is a result of the fact that profitability and social performance of firm is dependent on how well knowledgeable and understanding the firm management is and not necessarily the profits made. Tsoutsoura (2004) who analyzed the CSR and firm performance of Californian companies found a significant and positive relationship between CSR and firm performance which negates the results of this study; as well as that of (Rosli, Fauzi, Azani, Moh'd & Said, 2016) whose findings indicated that profitability (ROA) has significant relationship with the CSR. It also negates the findings of Swati and Amit (2014) which revealed that the profitability of firms influences their corporate social responsibility expenditure.

The outcome further revealed that the coefficient of profitability (0.2596) indicates positive relationship with CSR expenditure. This implies that a 1% improvement in the level of sales will amount to 25.96% increase in the level of CSR compliance. Furthermore, the relationship is statistically significant as can be obtained from the Z-score (2.48) and P-Value (0.013). The result obtained therefore indicates that CSR expenditure positively interacts with profitability having displayed a significant effect on the latter. This implies that as sales volume increases, firms are more eager to spend more on CSR so they could be more socially friendly in the society. This is also premised on the fact that sales in the normal course of business is the major source of revenue to a company which determines the profit level through which CSR expenditure can be incurred from. The finding of this study aligns with submission of (Swati & Amit, 2014) which revealed that sales impact corporate social responsibility expenditure.

The result obtained further revealed that leverage significantly affects CSR expenditure; although negative, with the coefficient of -0.0283. This indicates that 1% rise in the level of debt financing will lead to a 2.8% reduction in CSR expenditure. Furthermore, the relationship is statistically significant as can be obtained from the Z-score (-3.33) and P-Value (0.001). The result obtained therefore shows that leverage has a negatively significant effect on CSR expenditure. This implies that as more borrowing is made by companies coupled with various loan agreements entered, companies tend to spend low on CSR as they would be more willing to settle interest obligations more than spending money on CSR. Also, of all variables stated in the model that affects CSR expenditure, leverage has the highest impact on CSR expenditure as can be confirmed in the Z-score and P-value (-3.33; 0.001). The finding here supports (Brammer & Pavelin, 2008) which observed a negative interaction between CSR disclosure and gearing ratio. It also conforms to the result of (Farouk & Hassan, 2013) that leverage has a significant impact on CSR after they empirically analyzed the determinants of CSR in the Nigerian case.

However, it negates the findings of (Lucyanda & Siagian, 2012), where they examined how the characteristics of firms influence their corporate social responsibility disclosure and that leverage

has no influence on CSR. It also negates the findings of (Reverte, 2009) who failed to discover any association between CSR disclosure and leverage. It also negates the findings of (Jensen & Meckling, 1976), who expect that highly leveraged firms will probably voluntarily disclose more information. It also negates the findings of (Purushothaman, Tower, Hancock & Taplin, 2000) where it was argued that highly leveraged companies may have more obligatory relationship with their lenders which may propel them to report on CSR in their annual report narratives. Insignificant association between CSR disclosure and leverage was found by (Samaha & Dahawy, 2011). The findings of this study also contradict the opinion of Swati & Amit (2014) that gearing does not influence corporate social responsibility expenditure.

Table 2: Random Effect Model Result showing effect of financial determinants on CSRF

DV=CSREXP Multivariate Analysis – Generalized Least Squares Model					
Variables	Coefficient	z-score	P> z	Model summary	
C	4.2478	6.06	0.000		
ROA	-0.0358	-0.11	0.909	Est. Autocorrelation	0
PRO	0.25957	2.48	0.013	Wald-chi	13.69
LEV	-0.0283	-3.33	0.001	p-value (F-Stat)	0.0034
				Mean VIF	1.06
				Hausman test	0.0247
				LMtest ^b Prob> F =	0.0000
				Swilktest ^c Prob>z =	0.1012
				Hetest	0.0247

Note: * 1% and **5%

Source: Author's Computation (2019)

Conclusion and Recommendations

This study seeks to examine financial performance determinants and corporate social responsibility financing in listed manufacturing firms in Nigeria. The study attempts to lend a voice to the existing literatures on the worth of CSR to the improvement in performance of firms in line with the ideologies of the stakeholder theory. The study however exposes the focus of existing studies to the extent at which the performance of firms financially can influence their willingness to be socially responsible. Return on assets (ROA), profitability (PRO) and leverage (LEV) are the determinants of financial performance adopted. The panel data regression analysis was used to analyse the data collected after various tests have been conducted to resolve the issues of validity and reliability of data gathered. The empirical result of the Random Effect Model revealed that ROA has a negative but insignificant effect on CSR financing, while the connection with profitability and leverage was significant, but was positive and negative respectively within the period of 2002 to 2018. The study therefore concludes that, in as much as the drive for corporate social responsibility has gained ground especially during this time of glamour for integrating reporting; it is still evident that the performance of a company financially with respect to income derived from turnover/sales and the extent to which the company is geared are still factors that can influence the extent to which a company will finance corporate social responsibility.

Drawing inference from findings, it is recommended that;

- i. Firms should make conscious effort to improve their annual turnover/sales to increase profits base to cushion the effect of expenses incurred on corporate social responsibility on the overall profits and distribution of income
- ii. Corporate social responsibility should be incorporated into companies' strategic plan in order to incorporate it into leverage plans and other financial obligations
- iii. Although return on asset revealed a negative connection with CSR financing in the context of this study as was also seen in some previous studies, it does not imply that companies should desist from CSR financing, but should maximize the other benefits of the process and leverage on its future non-financial advantages.

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