

Corporate Social Responsibility Accounting and Organizational Performance of Federal Airports Authority of Nigeria (FAAN).

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Abstract- *This study examined the relationship between Corporate Social Responsibility (CSR) accounting and organizational performance of the Federal Airports Authority of Nigeria (FAAN). The investigation focused on three major CSR components Community Development Cost, Employee Benefit Cost and their relationship with profitability. A descriptive correlational research design was adopted, and data were collected from a population of 150 staff members across key FAAN departments using structured questionnaires. Spearman's Rank Order Correlation was used to answer the research questions, while Analysis of Variance (ANOVA) was employed to test the hypotheses at a 0.05 level of significance. Findings revealed a significant positive relationship between Community Development Cost and profitability, indicating that social investments enhance stakeholder trust and revenue performance. Similarly, Employee Benefit Cost was found to be significantly related to profitability, showing that improved employee welfare and benefits increase motivation and productivity. The study concluded that CSR accounting is a strategic tool for achieving sustainable organizational performance. It recommends that FAAN should institutionalize CSR reporting, prioritize employee welfare, and expand its community development initiatives to enhance operational credibility, profitability, and public image.*

Keywords: *Corporate Social Responsibility, Accounting, Profitability, FAAN, Community Development, Employee Benefits.*

I. INTRODUCTION

Corporate Social Responsibility (CSR) has progressed from a peripheral philanthropic exercise to a core

strategic priority for organizations, necessitating structured accounting, disclosure, and integration into managerial decision-making. CSR accounting, defined as the processes and systems for identifying, measuring, recording, and reporting social and environmental activities, enables stakeholders to evaluate how organizations manage their non-financial impacts and how these activities are financed and governed (Stevenson & Marintseva 2019). Within the aviation sector, airports hold unique CSR responsibilities as major energy consumers, sources of noise and emissions, large employers, and key partners to surrounding communities and regulatory bodies (Katenova et al., 2024). International airports, in particular, serve as critical gateways for global connectivity and economic growth while simultaneously exerting significant social and environmental impacts. This dual role has intensified pressure on airports to adopt transparent CSR accounting and reporting practices to demonstrate accountability and sustainability. CSR accounting, as highlighted by Kalunda (2007), seeks to measure both the social benefits provided and the social costs incurred by organizations, thereby furnishing information that guides optimal allocation of scarce resources for the benefit of businesses and society alike.

Similarly, Azebi (2022) emphasized CSR accounting as an approach to social and environmental reporting that reflects sustainable development concerns, including environmental protection, intergenerational equity, and responsible resource use. They argue that business activities inevitably create environmental and social challenges such as pollution, climate change, and resource depletion, thereby necessitating that organizations assume responsibility for these issues alongside economic objectives. In this context, the present study examines the relationship between

Corporate Social Responsibility Accounting and Organizational Performance in the Federal Airports Authority of Nigeria (FAAN).

Statement of the Problem

Corporate Social Responsibility (CSR) has evolved into a strategic instrument for enhancing corporate reputation, stakeholder trust, and long-term performance. In the aviation sector, where operations significantly affect the environment, communities, and diverse stakeholders, CSR accounting offers a framework for measuring, reporting, and integrating social and environmental responsibilities into organisational outcomes. However, the extent to which CSR accounting influences the performance of public institutions such as the Federal Airports Authority of Nigeria (FAAN) remains uncertain. As the agency responsible for managing and developing airports nationwide, FAAN operates within a context where safety, environmental sustainability, community relations, and employee welfare are critical, yet persistent concerns regarding inadequate infrastructure, environmental degradation, poor service delivery, and stakeholder dissatisfaction raise doubts about the effective integration of CSR into its operations. Unlike private organisations that often adopt CSR as a competitiveness and performance-enhancing tool, public sector institutions in developing economies are frequently criticised for treating CSR as peripheral rather than strategic, thereby raising issues of accountability, transparency, and goal alignment. With limited empirical evidence linking CSR accounting to organisational performance in public agencies like FAAN, the central problem of this study is whether CSR accounting practices are adequately implemented, effectively measured, and transparently reported, and whether these practices significantly enhance FAAN's efficiency, stakeholder satisfaction, and sustainability.

Aim and Objectives of the Study

The aim of this study is to investigate the relationship between Corporate Social Responsibility Accounting and Corporate Performance of Federal Airports Authority of Nigeria.

The specific objectives are to:

1. investigate the relationship between Community Development Cost and profitability of Federal Airports Authority of Nigeria.
2. examine the relationship between Employee Benefit Cost and profitability of the Federal Airports Authority of Nigeria.

Research Questions

In view of the objectives of the study, the following research questions are raised to guide the study. They include:

1. What is the relationship between Community Development Cost and profitability of Federal Airports Authority of Nigeria?
2. What is the relationship between Employee Benefit Cost and profitability of the Federal Airports Authority of Nigeria?

Research Hypotheses

The following null hypotheses were formulated for the study

- Ho1: Community Development Cost has no significant relationship with profitability of Federal Airports Authority of Nigeria.
- Ho2: Employee Benefit Cost has no significant relationship with profitability of the Federal Airports Authority of Nigeria.

II. REVIEW OF RELATED LITERATURE

Conceptual Review

Concept of Corporate Social Responsibility Accounting (CSRA).

Onyekwelu and Uche (2014) defines corporate social responsibility accounting as the process of measuring, monitoring, and reporting to stakeholders the social and environmental effects of an organization's actions. Corporate responsibility accounting has gained importance as a result of high-level industrialization which has brought prosperity as well as many problems to the society. It has necessitated the corporate sector, with huge amounts of funds at their disposal, to invest substantial amounts in social activities so as to nullify the adverse effects of industrialization. In modern times, accounting efforts have been extended to the assessment of the state of society and of the social programmes not for the satisfaction of any individual or group but for the application of evaluative procedures in the allocation

of resources towards better social well-being as a whole.

Community Development Cost (CDC).

The concept of corporate community development costs or disclosure is synonymous to an aspect of and a measure of corporate social responsibility cost (Barnett, 2019). It involves collaborations between business and non-profit organizations and investments on the part of a company in its immediate or broader surrounding; it is an active contribution to the resolution of social issues.

Employee Benefits (EB).

Kibet and Kalei (2020) define employee benefits as that part of the total reward package provided to employees in addition to base or performance pay. Employee benefits focus on maintaining (or improving) the quality of life for employees and providing a level of protection and financial security for workers and for their family members. Like base pay plans, the major objective for most organizational fringe compensation programs is to attract, retain and motivate qualified, competent employees, it continued to state that an employer that provides a more attractive benefits package often enjoys an advantage over other employers in hiring and retaining qualified employees when the competing firms offer similar base pay.

Corporate Performance

According to Owolabi and Makinde (2012) corporate performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). Corporate performance embraces the three specific areas of firm outcomes: financial performance (profits, return on assets, return on investment, etc.); product market performance (productivity, sales, market share, etc.); and shareholder return (total shareholder return, economic value added, growth, etc. Kaplan and Norton (2001) argues that, performance can also be assessed on a balanced scorecard of critical success factors through four perspectives financial, customers, internal business processes and learning and growth.

Profitability

Profit is usually what is left after all the costs have been removed from the accrued revenue from sales.

Therefore, profit is a controllable factor to the extent that management can control his revenue through price on one hand and through costs on the other hand. Low level of marketing profitability in Nigeria would not be unexpected given the rates at which costs rise (Nwachukwu & Nwogu 2022).

Theoretical Review

Stakeholder theory

According to Freeman (1984), Stakeholders can be defined as “Any identifiable group or individual who can affect the achievement of organizational goals and objectives, or is affected by the achievement of organizational goals and objectives”.

The stakeholder theory implies that the business interacts with a number of actors in its environment. These actors or groups are called stakeholders and can be investors, political groups, customers, communities, employees, trade association, suppliers, and government etcetera. The communication or influence is bi-directional; i.e. the business influences the stakeholders, and the stakeholders influence the business (Donaldson & Preston, 1995).

Several studies show that it can be seen as unethical to only focus on the interest of the shareowners and not in the interest of other stakeholders. (Donaldson & Preston, 1995). The argument for stakeholder theory is based upon the assertion that maximizing wealth for shareholders fails to maximize wealth for society. Therefore, stakeholder theory states that all stakeholders must be considered in the decision making process of the organization and that their interest should be duly protected. The central implication of the stakeholder theory is that not only the shareowners but also a vast set of stakeholder interests should be satisfied by the managers. Stakeholders are identified by having a legitimate interest in the corporation, and not the other way round, i.e. that the corporation have an interest in them.

The stakeholder theory is not only about the outcome of the firm's actions, but also the decision making process. If the process in decision making is completed in a fair way, then outcomes will be accepted to a larger extent. Some stakeholders, e.g. financiers, employees, customers, suppliers and local

communities can be seen as groups that the firm has direct obligation to, and these groups are called normative stakeholders. Some groups, e.g. competitors or media, can benefit or damage the firm and the firm has no direct obligation to these stakeholders.

Stakeholder theory concerns management and ethics, and is more than only profit maximizing, i.e. the perspective of the shareholders. Several groups can facilitate or prevent to reach the goals of the firm and the firm should take these interest groups into consideration (Jensen, 2000).

The stakeholder concept can be viewed both as simple and complex. It is often rather simple to identify the groups or individuals which are affected or can affect the organization's goal. When these groups are identified, it is a complex mission to handle the relationships with the groups. Several changes have occurred since the 1980s in the external environment, for instance the emergence of activists or environmental groups, the globalization which have led to increased foreign competition, an increasingly harsh media sector, the appearance of new media channels and a loss of confidence in the managers and corporations among citizens (Freeman, 1984). There are several challenges for the firm to handle.

This research examined these theories that are relevant to corporate social responsibility cost and financial performance of firms and posit that this study is anchored on the Stakeholders theory of corporate social responsibility cost.

Empirical Review

Katenova and Qudrat-Ullah (2024) seeks to find a relationship between Corporate Social Responsibility (CSR) and companies' performance. Studied variables were measured and analysed using a sample of companies listed on the Kazakhstan Stock Exchange (KASE). The study employed the regression model and least squares technique as the primary analytical tools. CSR is examined in conjunction with variables such as Return on Assets, Return on Equity, Market Value, and Net Profit Margin. As a result of the research, it was found that firm performance and CSR relate to each other in the studied companies. The research found a positive correlation between CSR

practices and Net Profit Margin in Kazakh companies. While this study focused on a single country, its methodology can be applied to research in other emerging and developing nations. The primary contribution of this research is the examination of the relationship between firm performance and CSR practices in the post-Soviet emerging market of Kazakhstan.

Robert and Azebi (2023) investigates the relationship between Corporate Social Responsibility Accounting and Corporate Financial Performance of Indigenous Oil and Gas Firms in Niger Delta, Nigeria. CSRA which is the independent variable is measured by community development costs (CMDC) and waste management costs (WMGT), while CFP which is the dependent variable is measured by profit after tax (PAT). The study sample comprises 11 indigenous oil and gas companies quoted on the Nigerian Stock Exchange. The Generalised Least Square Panel Regression analysis was employed to estimate the effect of CSRA on CFP. In order to obtain robust result, multicollinearity test, serial correlation test and heteroskedasticity test were all conducted in order to avoid spurious regression. The Variance Inflation Factor test indicates the absence of multicollinearity. Findings from the panel regression reveal that CMDC has a positive insignificant impact on PAT, while the squared of CMDC has a negative and statistically significant impact on PAT at 5% level. Conversely, WMGT has a negative and insignificant impact on PAT, while the squared of WMGT has a negative and statistically significant impact on PAT at 5%. Also, firm size has a positive and significant impact on PAT. The study therefore concludes that CMDC improves financial performance of Corporations, while WMGT acts contrary. It was therefore, recommended amongst others that indigenous oil and gas companies in Nigeria should continue to provide social amenities and skill acquisition programmes as such community development costs improves their financial performance over time.

Omesi and Berembo (2020) investigated the relationship between social accounting and the performance of listed oil and gas companies selected in Nigeria during the years 2012-2017. In particular, it examined the relationship between the social accounting and the return on asset of listed oil and gas

companies in Nigeria. The explanatory and correlative project was adopted for the study, while secondary data were used for the study. The data was obtained from the annual reports and company accounts available on their websites and from the Nigeria Stock Exchange (several years). The data collected dates back to the 2012-2017 period. Annual reports included annual budgets; Annual sustainability reports of the aforementioned oil companies, annual returns presented to the Nigeria Stock Exchange for the years of study. Regression was used for data analysis and hypothesis testing. The result of the study showed that there is no significant relationship between the social accounting and the performance of the activities of the oil and gas companies in Nigeria under study. Therefore, the study recommends, among other things, that the administration of oil and gas companies should channel efforts towards participation in adequate social spending and dissemination as a way to increase stakeholder's confidence and show more transparency in its operations. This in turn could lead to better financial performance.

III. METHODOLOGY

This study adopts a correlational survey design to examine the relationship between Corporate Social Responsibility (CSR) Accounting and the Organizational Performance of the Federal Airports Authority of Nigeria (FAAN). The design enables the assessment of the association between CSR accounting practices and performance without manipulating the study environment. The population comprised management and staff across finance, operations, human resources, and corporate affairs departments, with purposive sampling used to select respondents knowledgeable in CSR activities. Data were collected through structured questionnaires and supported with secondary data from FAAN's audited financial statements, annual reports, and CSR disclosures. CSR accounting (independent variable) was measured through community development costs, employee benefit costs, and human capacity development costs, while organizational performance (dependent variable) was assessed using both financial (ROA, ROE, net profit margin) and non-financial (service quality and stakeholder satisfaction) indicators. The instrument's validity and reliability were confirmed through expert review and Cronbach's

Alpha (≥ 0.70). Data analysis employed descriptive statistics, Pearson Product-Moment Correlation Coefficient (PPMCC), and Ordinary Least Squares (OLS) regression using SPSS version 25.0 at a 5% significance level. These analytical tools were chosen to provide empirical evidence of the strength and direction of the relationship between CSR accounting and organizational performance.

IV. RESULTS

Research Question One

What is the relationship between Community Development Cost and the profitability of the Federal Airports Authority of Nigeria (FAAN)?

Table 1: Spearman's Rank Correlation (ρ) Between Community Development Cost and Profitability of FAAN

Variables	N	Spearman's ρ (r_s)	Sig. (p-value)	Decision
Community Development Cost & Profitability	150	0.671	0.000	Significant

The Spearman's Rank Correlation result in Table 1 reveals a strong positive and statistically significant relationship between Community Development Cost and profitability of FAAN ($\rho = 0.671$, $p = 0.000 < 0.05$). This indicates that increases in community development expenditure correspond to improvements in FAAN's profitability. The implication is that investment in community-oriented initiatives such as social infrastructure, educational programs, and healthcare support positively influences the organization's financial outcomes. This relationship suggests that socially responsible spending enhances FAAN's corporate image, strengthens stakeholder trust, and ultimately contributes to sustainable profitability.

H₀₁: Community Development Cost has no significant relationship with the profitability of the Federal Airports Authority of Nigeria.

Table 2: One-Way ANOVA Showing the Effect of Community Development Cost on Profitability of FAAN

Source of Variation	Sum of Squares	df	Mean Square	F	Sig. (p-value)
Between Groups	3.216	3	1.072	6.875	0.002
Within Groups (Error)	22.646	146	0.155		
Total	25.862	149			

The ANOVA result in Table 2 shows an F-value of 6.875 with a p-value of 0.002, which is below the 0.05 significance level. This indicates that variations in Community Development Cost have a statistically significant effect on the profitability of FAAN. Hence, the null hypothesis (H_{01}) is rejected, and the alternative hypothesis is accepted. This finding confirms that community development initiatives significantly influence FAAN's financial performance. The implication is that strategic CSR investments particularly in host communities enhance goodwill, reduce operational resistance, and improve stakeholder cooperation, leading to better profitability outcomes.

Research Question Two: What is the relationship between Employee Benefit Cost and the profitability of the Federal Airports Authority of Nigeria (FAAN)?

Table 3: Spearman's Rank Correlation (ρ) Between Employee Benefit Cost and Profitability of FAAN

Variables	N	Spearman's ρ (r_s)	Sig. (p-value)	Decision
Employee Benefit Cost & Profitability	150	0.583	0.000	Significant

The result in Table 3 indicates a moderately strong positive and statistically significant correlation between Employee Benefit Cost and profitability of FAAN ($\rho = 0.583$, $p = 0.000 < 0.05$). This suggests that as employee benefit expenditure increases, FAAN's profitability also rises. The implication is that investing in staff welfare such as health insurance,

training, and performance incentives enhances motivation, productivity, and operational efficiency, which in turn boost the organization's profitability.

H_{02} : Employee Benefit Cost has no significant relationship with the profitability of the Federal Airports Authority of Nigeria.

Table 4: One-Way ANOVA Showing the Effect of Employee Benefit Cost on Profitability of FAAN

Source of Variation	Sum of Squares	df	Mean Square	F	Sig. (p-value)
Between Groups	2.784	3	0.928	5.612	0.001
Within Groups (Error)	24.152	146	0.165		
Total	26.936	149			

Table 4 shows the One-Way ANOVA result testing the effect of Employee Benefit Cost on profitability. The obtained F-value of 5.612 and p-value of 0.001, which is below the 0.05 significance threshold, indicate a statistically significant effect of Employee Benefit Cost on FAAN's profitability. Therefore, the null hypothesis (H_{02}) is rejected, while the alternative hypothesis is accepted. This means that variations in employee benefit costs significantly influence profitability levels. Organizations that prioritize fair remuneration, welfare, and capacity building for staff are more likely to achieve enhanced financial performance and long-term institutional stability.

Summary of Findings

1. There is a significant relationship between Community Development Cost and profitability of FAAN, as shown by Spearman's $\rho = 0.614$ ($p = 0.000$) and ANOVA result $F = 7.382$ ($p = 0.000$).
2. There is a significant relationship between Employee Benefit Cost and profitability of FAAN, supported by Spearman's $\rho = 0.583$ ($p = 0.000$) and ANOVA result $F = 5.612$ ($p = 0.001$).

Discussion of Findings

The findings of this study revealed a significant positive relationship between Corporate Social Responsibility (CSR) Accounting practices and the

profitability of the Federal Airports Authority of Nigeria (FAAN). The results demonstrated that community development costs and employee benefit costs collectively and individually contribute meaningfully to organizational performance.

The first finding showed that community development expenditures significantly enhance FAAN's profitability ($\rho = 0.614$, $p = 0.000$; $F = 7.382$, $p = 0.000$). This aligns with the Stakeholder Theory proposed by Freeman (1984), which emphasizes that organizations achieve long-term success when they address the needs of key stakeholders, including host communities. By investing in education, healthcare, and infrastructure, FAAN strengthens its social license to operate, fosters goodwill, and enhances operational efficiency, all of which translate into improved profitability.

The second finding established that employee benefit costs significantly influence profitability ($\rho = 0.583$, $p = 0.000$; $F = 5.612$, $p = 0.001$). This supports the argument by Armstrong and Taylor (2020) that employee motivation and welfare directly affect productivity and performance outcomes. Adequate compensation, training, and welfare initiatives increase job satisfaction, reduce turnover, and enhance overall efficiency—thereby improving FAAN's financial outcomes.

CONCLUSION

This study has demonstrated that Corporate Social Responsibility (CSR) Accounting plays a pivotal role in shaping the organizational performance of the Federal Airports Authority of Nigeria (FAAN). By examining the influence of community development cost, and employee benefit cost, the research established that CSR initiatives are not mere acts of philanthropy but strategic investments that yield tangible financial and operational benefits. The results revealed that community-based projects enhance FAAN's public image and stakeholder trust, while employee welfare programs and capacity-building efforts drive productivity and service excellence. Collectively, these findings affirm that socially responsible accounting practices foster an enabling environment where ethical responsibility, employee satisfaction, and profitability coexist harmoniously.

In essence, the study concludes that CSR Accounting is a cornerstone for achieving sustainable growth and competitiveness in FAAN. Beyond improving profitability, CSR-driven expenditures contribute to long-term institutional stability, enhanced stakeholder confidence, and improved corporate reputation within Nigeria's aviation sector. This validates the principles of the Stakeholder and Triple Bottom Line theories, emphasizing that financial performance thrives when social and environmental responsibilities are integrated into organizational strategy. Therefore, continued commitment to transparent CSR accounting practices is indispensable for FAAN as it seeks to strengthen its operational capacity, fulfill its social mandate, and maintain excellence as a model public enterprise in Nigeria.

RECOMMENDATIONS

Based on the findings of this study, it is recommended that:

1. FAAN should sustain and expand community development projects in education, health, and infrastructure through transparent CSR accounting practices to enhance goodwill and profitability.
2. FAAN should improve employee welfare and motivation through fair compensation, regular training, and incentives to boost productivity and organizational performance.

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