EFFECT OF CORPORATE SOCIAL RESPONSIBILITY PRACTICES ON FINANCIAL PERFORMANCE OF LISTED DEPOSIT MONEY

BANKS IN NIGERIA

BY

Blessing DUNIYA
P16 ADAC 8347

A THESIS SUBMITTED TO THE SCHOOL OF POSTGRADUATE STUDIES, AHMADU BELLO UNIVERSITY ZARIA, IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF SCIENCE (M.Sc.) DEGREE IN ACCOUNTING AND FINANCE

DEPARTMENT OF ACCOUNTING
FACULTY OF ADMINISTRATION
AHMADU BELLO UNIVERSITY,
ZARIA, KADUNA

May, 2018

DECLARATION

I declare that the work in this Dissertation entitled **effect ofcorporate social responsibility practices on financial performance of listed deposit money banks in Nigeria** has been carried out by me in the Department of Accounting, Ahmadu Bello University, Zaria. All information derived from the literature has been duly acknowledged in the text and a list of references provided. No part of this Dissertation was previously presented for another degree or diploma at this or any other Institution.

_____

_____

Blessing DUNIYA
Date

P16 ADAC 8347

CERTIFICATION

This Dissertation entitled **effect of corporate social responsibility practices on financial performance of listed deposit money banks in Nigeria** by **Blessing DUNIYA**meets the regulations governing the award of the Degree of Master of Science in Accounting and Finance of Ahmadu Bello University, Zaria and is approved for its contribution to knowledge and literary presentation.

_____ _____

Dr. SalisuMamman **Date**
Chairman, Supervisory Committee

_____ _____

Dr. Samaila Thompson **Date**
Member, Supervisory Committee

_____ _____

Dr. Salisu Abubakar **Date**
Head of Department

_____ _____

Prof. S .Z. Abubakar **Date**
Dean, School of Postgraduate Studies

ACKNOWLEDGEMENTS

First and foremost, all praises and thanks are due to Almighty God for his grace,mercies and blessings and for giving me the strength to complete this research work. May His infinite mercy and blessing be upon my life and that of my family.I also thankGodfor seeing me through this M.Sc. Accounting and Finance program.

This entire effort would not have been successful without the help and support of many people, including academic and non-academic staff of Accounting Department. Though it is not possible to mention them all by their names, the contributions of the following few people are duly acknowledged.

I am deeply indebted to my mentor and supervisor, Dr. S. Mamman,for his proactive supervision of my research work, effective guidance, insightful comments,continuous encouragement and assistance. I would also like tofurther expressmy sincere appreciation to Dr. S. Thomson my other supervisor, for his supervision, guidance and motivation. He has provided me with numerous opportunities to strengthen and improve my abilities in conducting research. My appreciation also goes to the M.Sc. Coordinator ,Dr Bagudo, Dr. M. S. Tijjani for their generous support and assistance and to Dr. S .U. Hassan the Head of Department of Accounting KASU for all his support and guidance. Special thanks to Dr A .B Dogarawa,Dr Audi Abubakar, Dr .L. Chechet, Dr. L Mailafiya, and Dr Jibrin Yero for your generous contributions am truly grateful. To all staffs of the department I thank all.

My enormous debt of gratitude can hardly be repaid to my husband and children for their support and constant prayers. Their care, support, understanding and patience have helped me get through the challenges I faced throughout the period of this research work. Thanks for your love and encouragement.Special thanks go tomy parents for their prayer, moral and financial support since the beginning of my academic pursuit.

Special appreciation goes to my colleagues especially, Dr Austin Ayuba, Dr Benjamin K Gugong, Maryam Ahmed Jibrin, Gloria DaChomo, Dr Peter Adamu, Geofry Atung and Barnabas Adams and Abdullahi Murtala (my mini supervisor),for supplying endless amounts of ideas,their unending advice and prayers throughout the period of this research work. To my siblings Tunani, Dorathy and Fr Joachim Makama I thank them all.

Finally, I would like to thank the staff of Nigerian Stock Exchange office Kaduna branch for providing me with the data needed. Without their assistance, I could havefound it difficult to complete this research work. I am grateful to all other people who assisted me in one way or the other, whose name I was unable to mention in my acknowledgements.

DEDICATION

I hereby dedicate this M.Sc. research work to my parents Late Mr. and Mrs. John Makama.

ABSTRACT

This study investigated the impact of corporate social responsibility practices on financial performance of listed deposit money banks in Nigeria. The study used generalized least square multiple regression to analyze the secondary data extracted from the annual reports and accounts of the fifteen15 sampled deposit money banks for the period of ten years from 2006 to 2016. The study found that environmental management, employee relations and product and customer services have a positive and significant impact on the financial performance of deposit money banks in Nigeria. The study also found that corporate community development influences the financial performance of the banks positively and insignificantly. In view of the findings, the study concluded that, though environmental management is having a negative effect, the DMBs engagement in environmental management could be of corporate strategic relevance as not all investment can yield financial returns. Also, the study recommended among others that the management of listed deposit banks should patronize more of strategic CSR activities in other to be more credible which can improve their reputation since the application of CSR varies by industry.

TABLE OF CONTENTS

CHAPTER THREE: RESEARCH METHODOLOGY

CHAPTER FOUR: DATA PRESENTATIONAND ANALYSIS

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

LIST OF TABLES

LIST OF APPENDICES

CHAPTER ONE

INTRODUCTION

1.1 Background to the study.

Every organization has a motive for engaging in corporate social responsibility practices which affects their financial performance positively or negatively. The motive driving a firm to engage in CSR practices could be for strategic choice, philanthropic purpose, economic returns or risk management. As a result, the relationship between CSR and financial performance has been subject to several studies, which have shown conflicting results. Little evidence support that CSR and financial performance are directly related. Lys, Naughton and Wang (2015) opined that most banks take up corporate social responsibility practices in their report to show the shareholders their investment in and commitment to social welfare. CSR investments lead to higher levels of credibility, improved image or reputation, higher employee retention and build customer relationships(Mobin, Zillur,& Imran 2014).

Corporate social responsibility is important as it influences all aspect of banks operations (Ashraf Khan &Tarig 2017). CSR relates to business approach which contributes to sustainable development by delivering economic, social, and environmental benefit to all stakeholders. The level of engagement in corporate social responsibility practices varies across countries and firms. This arises from the different perception of their impact on the banks financial performance. Since banks behave differently under different institutional settings.

However, with the increase in media coverage on CSR practices, organizations are taking steps to communicate their CSR initiatives to various stake holders (Batcharya & Sen 2004). Scholten (2008) opined that socially responsible investment takes into account non financial

characteristics of firm's financial performance and policies. Therefore, evaluating corporate governance, environmental social and economic factors allows investors to manage their funds in a way that is consistent with their missions and values

How socially responsible a corporation is, largely depends on the way and manner the principal actors go about its governance. Good corporate governance is the glue that holds an intelligent business practice and guarantees positive working environment management, stewardship, community engagements and strong financial performance, which help in restoring certainty and promoting economic growth (Branco& Rodrigues, 2006).

Business ethics and CSR are issues facing questions on whether it is ethical to expend corporate profits on social actions. The issue of businesses allocating a certain amount of their profits towards exercising CSR is becoming a subject of considerable debate. Different arguments have emerged on the relevance or irrelevance of CSR. Originally, businesses were accountable to their private shareholders or institutional investors in the financial markets.

A diversity of stakeholders now demands accountability about the impact of corporate activities on the life of the society because of the increasing adverse impact of corporations on aspects of social life and on the environment (DeRegil, 2003). These demands are further strengthened by the introduction of legislations/ codes of conduct to ensure that businesses undertake social activities. These include codes of conduct and standards like the Global Reporting Initiative (GRI), The Global Sullivan Principles (1991), Global Compact (2002), the Social Venture Network Standards and the ISO26000. These codes and standards were introduced in response to the pressure by civil rights and environmental activist groups (Tsoutsoura, 2004).

The interaction between the different patterns of CSR has drawn the attention of several researchers to investigate the extent to which attaining high financial performance is facilitated or hindered by the different CSR practices of that organization. Torres, Bijmolt, Tribo and Verhoer (2012) noted that firms' do not implement various issues or practices separately but that firms prioritize various CSR issues in order to maximize effective stake holders management. By acting in a responsible way to the variety of social, environmental,and economic pressures, companies respondto the expectations of the various stakeholders with whom they interact.

The interrelationship between organizations and their environment is becoming increasingly important because businesses operate within the context of their environment and cannot operate in isolation; therefore firms' commitment to environmental activities is non-negotiable (Gunu, 2008). The environment impacts greatly on the firms and firms in return always have some kind of impact on the environment. As organizations continually engage in CSR, their performances either financial or operational can be influenced positively or negatively. It is in view of this that De-Regit (2003) sees CSR as the inherent obligation of each business entity to account for the way its activities impact on the economic, social and environmental dimensions of its environs and to ensure that this impact generates equitable and sustainable benefits-and no harm-to all stakeholders involved.

Financial performance is one of the single most important factors for organizational continuous existence, otherwise, the prospects of the business as a going concern is in question. Businesses around the world require development and growth in order to attract funding from investors. Before they invest in a particular business, investors normally make sure that the business in question is financially secure and stable and possesses the ability to produce profits in the long run (Mallin, 2007). Now, there is the fear by investors and potential investors that if firms do not have good CSR practices in place, their investment

may be in danger especially if the management is only interested in their own self and not the interest of the public. It is assumed that engagement in CSR practices yield good performance and as such available literatures are of diverse opinion as to the influence of Corporate Social Responsibility practices on firm financial performance. For the purpose of this study, Return on Asset (ROA) is used to proxy financial performance as against other measure of financial performance like return on equity and net profit margin because return on asset is rated a better measure as it a weighted measure of how the asset of the company is yielding return when compare with using just the equity value.

There is no consensus on the measurement of financial performance. Some are of the view of using backward-looking firm profitability that is accounting based returns rather than forward-looking market value or stock returns.Market value is different from and probably weightier than accounting-based returns because accounting measures are retrospective while market values hinge on growthprospects or expected future performance (Rust,Lemon&Zeithaml,2004).

In Nigeria however, the practice of CSR is still at a slow pace which is mainly caused by various bottlenecks related to environmental issues as opined by Mamman (2011). The notion of CSR is at the forefront of contemporary management thinking, such that CSR has become a significant issue in both the business and public domain which is why the Company's corporate social performance (CSP) has become an important factor in the overall business corporate financial performance (CFP). It has also been argued by several studies that companies with good CSR policies are being rewarded by consumers and this is manifested in companies' financial position in the long term. That is, consumers will punish companies with poor CSR reputation. The more a company makes CSR part of its core business, the more profitable and competitive the company becomes (Eweje, 2006).Good corporate governance in organization enhances good corporate social responsibility.

The reputation of financial institutions relies on their socially responsible programs (Poolthong & Mandhachitara, 2009), this is why banking institutions tend to have a high ranking on the international CSR investment ranking index (Perez, De Salmones& Del Bosque, 2013).In the financial service industry, CSR has become a well established notion due to its huge impact on society (Scholten, 2009). Banks are increasing their CSR spending by implementing CSR into practices with initiatives such as financial inclusion (Decker, 2004), microcredit schemes for the deprived, socially responsible banking and credit access to the poor (Prior & Argandona, 2008). Thompson and Cowton (2004) observed that, banks are more likely to be influenced by the risk of reputation as compare to other companies and are more vulnerable to negative reactions from stakeholders. As a result of these, it is desirable to undertake an empirical study that will examine the effect of CSR on the financial performance of listed DMBs in Nigeria

1.2 Statement of the problem

After the 2008 global financial crises, firms undertook CSR activities to improve their reputation which they have lost their credibility. The issue of CSR in Nigeria has become a growing concern. CSR is still at the discretion of the companies leading to the lack of interest in implementing CSR as the firms are not mandated to do so. Business organisations see CSR as a philanthropic activity of giving gifts and mere donations for the cause of doing good (Amashi, Adi, Ogbechie & Amao, 2006). Despite the existence of CSR in Nigeria, there is no regulatory and enforcement framework or guidelines on the CSR practices for business organisations. This leads to an imbalance in the economic and ethical responsibility of business organisations. It was as a result of the foregoing statements that this study considered it of paramount importance to investigate the relationship of CSR practice

and financial performance by explaining the extent to which the variables of the study affect the financial performance of DMBs.

Financial performance of corporate organizations is of paramount value to stakeholders in general and shareholders in particular as, on one hand it is a key source for financing the current economic activities, thus helping to maintain a going concern and to increase the value of the business, and on the other hand it is the basis for distributing dividends, which in turn may attract investors (and their funds). Thus, it should appear as straightforward that identifying and analyzing those factors (determinants) that influence performance is of great relevance both to practice and academia. Companies engage in different CSR practices to different stakeholders. It is logical to suppose that companies' engagement in CSR activities would have a significant impact on the entity's financial performance. It is however not clear-cut whether certain CSR practices would significantly influence the company's financial performance.

While corporate financial performance is organisation- oriented, CSR is society-oriented. Therefore, the fundamental question that links these two courses of action is whether CSR enhances corporate financial performance, and if so, to what extend? Some scholars (Abdulrahman, 2013; Akanbi & Ofoegbu, 2012;and Hull & Rothenberg,2008; Keffas&Olulu-Briggs,2011,: Nelling& Webb, 2009; Olayinka & Temitope, 2011;Obusubiri,2006 and Tsoutsoura, 2004; Usman & Amran, 2015; Kabir & Thai, 2017) found a positive relationship between CSR and financial performance. Others studies however, found negative relationships (Brammer, Brooks &Pavelin, 2006;Goukasian & Whitney, 2008; Oba,2009; Peng& Yang, 2013; Wood & Jones, 2005; and Waddock & Graves, 1997). Yet, other studies reported no relationship (Mc Williams & Siegel, 2001; Luper, 2013). Mc Williams and Siegel (2001) contend that the mixed results in relation to the outcome of the studies could be as a result of a gamut of empirical and theoretical drawbacks.

Wood and Jones (1995) argued that it is as a result of mismatching of corporate stakeholders and omitted variable bias (Cochran & woods, 1984).

However, the conflicting results in regards to the relationship between CSR and financial performance could be due to the neglect of some relevant variables as proxies of CSR. In Nigeria, several studies on CSR and financial performance have been conducted especially in the financial and oil and gas sectors (Abdulraman, 2014; Achua, 2008;Eweje, 2007; Gunu, 2008;Ngwakwe, 2008;Uadiale& Fagbemi, 2011; Oba, 2009; Olayinka & Fagbemi, 2012; and Fodio, Abdissamad & Oba 2013). These studies focus mainly on community development (CD), environmental management system (EMS) and human resources management (HRM) to form the model of CSR. This study contributes to knowledge by identifying CSR practices to customers as stakeholders based on the stakeholders' theory. CSR can be divided into social, economic and environmental dimensions but this study considered CSR practices form the stake holders frame work. Therefore, product quality and customers' satisfaction are introduced as proxies to CSR based on the GRI guidelines in other to expand the CSR model in Nigeria. Also, this study considers CSR practice as a multi dimensional construct rather than a one dimensional construct.

Finally, these controversies indicate the position of literature on the relationship between CSR and financial performance to be inconclusive. Changes in the standard setting and migration from our local General Accounting principles (Statement of Accounting Standard) to international Financial Reporting System (IFRS) have contributed immensely to render the findings of other studies obsolete. Furthermore, time variant is another gap the study is intended to address as most of the studies did not cover recent period and this study is extended to 2016.

1.3 Research Questions

The following research questions have been raised to guide the study:

i. To what extent does Environmental management affect the financial performance of listed Deposit Money Banks in Nigeria?

ii. What is the effect of Community development on the financial performance of listed Deposit Money Banks in Nigeria?

iii. To what extent does employee relation affect the financial performance of listed Deposit Money Banks in Nigeria?

iv. What is the effect of product quality and customer satisfaction on the financial performance of listed Deposit Money Banks in Nigeria?

1.4 Objectives of the Study

The main objective of this study is to assess the effect of CSR on the financial performance of DMBs in Nigeria. The specific objectives of the study are:

i. To examine the effect of Environmental management on the financial performance of listed Deposit Money Banks in Nigeria.

ii. To examine the effect of Community development on the financial performance of listed Deposit Money Banks in Nigeria.

iii. To determine the effect of Employee relation on the financial performance of listed Deposit Money Banks in Nigeria.

iv. To find out the effect of Product quality and customer satisfaction on the financial performance of listed Deposit Money Banks in Nigeria.

1.4 Hypotheses of the Study

To achieve the study objectives, the following null hypotheses were formulated for testing:

H_{01}: Environmental managementhas no significant effect on the financial performance listed of listed deposit money banks in Nigeria

H_{02}: Community development has no significant effect on the financial performance of listed Deposit Money Banks in Nigeria.

H_{03}: Employee relation has no significant effect on the financial performance of listed Deposit Money Banks in Nigeria

H_{04}: Product quality and customer satisfaction have no significant effect on the financial performance of Listed Deposit Money Banks in Nigeria.

1.5 Significance of the Study

The outcome of this study would modestly contribute to the existing body of knowledge .Although there are a lot of studies on CSR, and financial performance of firms around the globe, there is dearth of evidence using data from previous researches that empirically investigated the relationship between CSR and financial performance of listed DMBs in Nigeria. The outcome of this study will therefore serve as a reference for further research in this area.

Also, the outcome of this study would be of immense benefit to a number of users of accounting information. Investors would know the relationship between CSR and financial performance of the sub-sector as they invest their funds for expected returns. The study would also make some significant contribution to the field of accounting and finance in Nigeria. Yet, there is a mix of opinion in the existing literature between CSR proxy by community development, employee relation, environmental, quality product and customer satisfaction and financial performance of quoted DMBs. For that, the study will be among

those that may provide additional evidences for future debates in the field of accounting and finance by students and researchers.

This study would enhance the current issues in the area of CSR. It is expected to help the stakeholders with the understanding of the challenges confronting a large portion of Nigerian companies. The study would benefit consumers as they are among the public that have growing concern about the environmental and social impacts of the products they buy, the places they work and the communities they live in, which led to new demands for corporate social responsibility.

The study would help customers assess organizations whether they are offering an efficient service and also asses the performance of the organizations. Investors have increasingly urged banks to demonstrate their social and environmental performance to investors – both prospective investors and growing numbers of socially responsible investors will highly benefit from this study.

1.6Scope of the Study

The study examined the effect of CSR practices on the financial performance of listed DMBs in Nigeria. The study covers the period of ten (10) years from 2006 to 2016.The period of the study is considered adequate because it covers the period in which most of the DMBs engaged in the sustainability reporting in Nigeria.

The study chooses the banking industry as a domain because they constitute a significant proportion of the total firms listed on the Nigerian stock exchange and because of their role in the socio economic development of the country. This study considers the entire fifteen (15) banks listed in the Nigerian Stock Exchange as at 31st December 2015 that have complete and available financial records within the period of the study. The independent variable of the study is CSR proxy by environmental management (ENVM), community development (CMNTY), employee relation (HRES), and product quality and customers

satisfaction (PDCUS). The dependent variable is represented by financial performance which is proxy by return on assets (ROA).

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter discussed the concept of CSR and financial performance. It also reviews empirical literature on the relationship between corporate and CSR strategy, community development, employee relation, product and customer satisfaction, and financial performance. The chapter finally discusses the theoretical frameworks that underpin the study.

2.2 Conceptual Framework

In order to give a guide for proper understanding of the various concepts of the study,different perceptions, opinions and views of authors and scholars regarding the concepts used in this study are discussed.

2.2.1 Financial Performance

Corporate financial performance is a vital concept that relates to the way and manner with which the financial resources at the disposal of the organization are judiciously put into usage to achieve the corporate objectives of such organization (Kajola, 2008). According to Sakunasingha (2006), performance measures are the life blood of economic units, since without them no decisions can be made. Investors are interested in the returns for their investment. Well performing businesses can bring higher returns to their investors.

Mirza and Javed (2013) opine that financial performance of a company will increase the income of its employees, bring quality products to its customers and become friendlier to its operating environment. A company that has good performance can generate more profits which can lead to future investment that can provide employment opportunities and increase the income of people. Barbosa and Louri (2005) view firm's performance as the outcome of a

firm's strategy or an assessment of how well a firm accomplished its business goals. In the words of Mirza and Javed (2013), firms' performance is the ability of a firm to achieve its objectives using its available resources. Company's financial performance refers to the measurement of the results of a firm's strategies, policies and operations in monetary terms.

Financial performance provides a deductive measure of how well a company can use assets from business operations to generate revenue. Financial performance measurements are used as the indicators to evaluate the success of economic units in achieving stated strategies, objectives and critical success factors Lahtinen (2009). The main objective of financial performance measuring is to determine the operating and financial characteristics and the efficiency and performance of economic unity in terms of resource management, as reflected in the financial records and reports (Amalendu, 2010).

The financial performance of an organization would disclose to the various stakeholders of the organization the continuous ability for such organization to remain in business. The performance indicators to corporate financial performance are seen from corporation's earnings per share, which has a strong significant relationship with a corporations share price and patronage of such shares at the stock market (Hartone, 2004).

2.3.1Measurement of Financial Performance

Measuring of firms' financial performance is one of the management strategic functions aimed at satisfying the interest of shareholders and other stakeholders in a company. Firm's performance appraisal is an evaluation which is done periodically and systematically in determining the achievements of the company's objectives (Amelia, 2002). Although measuring financial performance is considered a simple task, it also has its specific complications and there is little consensus about which measurement instrument to apply (Tsoutsoura, 2004). Some are of the view of using backward-looking firm profitability, that

is, accounting based returns rather than forward-looking market value or stock returns..A performance measure need to be value relevant in order to be useful (Aliabadi , Dorestani & Balsara, 2013).

Many researchers use market measures (Alexander and Buccholz, 1978; Oba, 2009;Fodio, Abdissamad f&Oba,2013), others put forth accounting measures (Waddock and Graves, 1997, Gunu, 2009;Ngwakwe, 2008; Abdulraman, 2014) and some adopt both of these (McGuire,Sundgren&Schneeweis 1988; Lys, Naughton &Wang 2015 and Kabir& Thai, 2017). The two measures, which represent different perspectives of how to evaluate a firm's financial performance, have different theoretical implications (Hillman & Keim, 2001) and each is subject to biases (McGuire, Sundgren& Schneeweis 1988). The use of different measures, needless to say, complicates the comparison of the results of different studies (Tsoutsoura, 2004).

In other words, accounting measures capture only historical aspects of firm performance. They are subject, moreover, to bias from managerial manipulation and differences in accounting procedures (McGuire, Sundgren & Schneeweis 1988). Yet, accounting measures offer the most logical set of indicators for a share market in which the values of accounting information can be analyzed by examining the relationship between market value of equity with accounting information. Market measures are forward looking and focus on market performance; they are less susceptible to different accounting procedures and represent the investors' evaluation of the ability of a firm to generate future economic earnings (McGuire, Sundgren & Schneeweis, 1988). Yet, the stock market based measures of performance also yield obstacles.

According to Ullman (1985), the use of market measure suggests that an investor's valuation of a firm's performance is the proper performance measure. Rust, Lemon

andZeithannl (2004) conclude that market measures are different from (and perhaps more important than) accounting measures because the latter are retrospective and examine historical performance while market value of firms hinges on growth prospects and sustainability of profits or the performance in the future. Yet, Lys, Naughton and Wang (2015) found out after combining the two approaches that market base measures do not have finite horizons. Therefore, they can capture improvement associated with CSR expenditure that may occur in the future years. While accounting base measures only capture improvement that flow through the financials in a giving fiscal year.

The most popularly used performance measurement is the accounting based measurement. Returns On Assets (ROA), was widely used as was found in the following studies: Bello (2012),DiGiuli& Kostovetsky (2013), El Mosaid and Boutti (2012), Olayinka & Fagbemi (2012), Uadiale&Fagbemi (2011), Usman &Amran(2015). Returns on assets represent the profitability of the firm with respect to the total assets under the firms control (Hull & Rothenberg, 2008). Return on Equity (ROE) is another accounting measure used in measuring firms 'financial performance in previous studies such as the work of El Mosaid & Boutti (2012),Meijer &Schuyt (2005), Tsoutsoura (2004), and Uadiale & Fagbemi (2011),. Tobin's Q is another accounting measure of firms' financial performance. It has ability to measure long-term investment and it is calculated by the sum of a firm's equity values and its total debt divided by the firm's total assets. Tobin's Qhas been used in the previous empirical studies such as the work of, Sanda, Mikailu & Garba (2005), Bhagat & Bolton (2008); Oba (2009) and Fodio, Abdissamad& Oba,(2013). Profit after tax (PAT) has been used in the works ofAbdulraman (2014);Bolanle, Olarenwaju & Muyideen (2012), Gunu, (2008), Okafor & Oshodin, (2012) and Uwalomwa, Olubukunola & Anijesushola (2011).

The market based measure of firms' financial performance used in the previous studies include Dividend,Gross earnings which is used in the works ofGunu (2008), Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA).Stock price used by Usman and Amran(2015).

2.2 Concept of Corporate Social Responsibility

Corporate Social Responsibility has been a subject of intense controversy and interest in the academic world over recent decades, and scholars have devoted great attention to this issue. The first standpoint on CSR was offered by Bowen (1953) in his Social Responsibilities of the Businessman. Bowen defined CSR as an obligation to pursue appropriate policies, to make appropriate decisions, and to follow those lines of action which are desirable in terms of the objectives and values of our society.

In the 1960s, CSR was increasingly discussed in the managerial context. Davis (1960) asserted that socially responsible business decisions could be justified by a long, complicated process of reasoning as offering an opportunity to bring the company long-run economic gain, thus repaying it for its responsible outlook (Carroll, 1999).However, this viewpoint also aroused criticism. Among other scholars, Friedman, (1970), argued that the only social responsibility of a corporation was to increase its profits. Furthermore, Friedman asserted that the resources allocated to CSR are better spent on increasing company efficiency from a social perspective as well. Although Friedman's viewpoint on CSR prevailed in the 1970s, scholars increasingly started to shed light on the multiplicity of responsible business practices. First, Johnson & Greening, (1999) identified specific interest groups with a variety of different needs, stating that "social responsibility in business is the pursuit of socioeconomic goals through the elaboration of social norms in prescribed business roles". Furthermore, Steiner (1971) acknowledged the interrelationship between business and society at large, referring to social responsibility as a "social contract". Basically, a social

contract can be seen as a set of rights and obligations related to corporate impacts on the welfare of society. According to Wartick and Cochran (1985) a social contract is a binding element between business behavior and society's objectives. When the surrounding societal conditions change, the specifics of the social contract may also change.

Even though it has no single acceptable definition, the notion of CSR is related to such complex issues as environmental protection, health and safety at work, production of qualitative and safe products, corporate philanthropic activities and relation with customers. Decker (2004) stated that CSR does not mean the same thing for all the concerned stakeholders and its conceptualization varies among every industry. However, a definition of CSR emerged from an international meeting of the World Business Council for Sustainable Development (WBCSD) which was organized and attended by 60 leading speakers on public opinion from inside and outside of the business world. This definition states that: ''CSR is the continuing commitment by business to behave ethically and to contribute to economic development while improving the quality of life of the workforce and their families as well as that of the local community and society at large''.

Mamman (2004), stressed that the lack of uniformity in the definition of the concept generates the controversy surrounding the role that a business is expected to play in different countries among business theorists, executives, accountants and the general public. The concept of CSR can simply be viewed as a comprehensive set of policies, practices and programs that are integrated into business operations to address the legal, ethical, commercial and other expectations that society has on businesses as well as making decisions that fairly balance the claims of all key stakeholders.

De Regil,(2003), defines CSR as the inherent obligation of each business entity to account for the way its activities impact on the economic, social and environmental

dimensions of its environs and to ensure that this impact generates equitable and sustainable benefits and no harm to all stakeholders involved. The stakeholders represent the various interest groups of the society where the company operates. They comprise of workers, consumers, and indigenous groups all with a legitimate right to demand socially responsible and right corporate behavior. CSR is thus concerned with treating the stakeholders of the firm ethically or in a responsible manner (Hopkins, 2004). 'Ethically' or 'responsibly' means treating stakeholders in a manner deemed acceptable in civilized societies.

Dandago and Muhammad (2011) view CSR as more of philanthropic responsibility which is the voluntary contributions to uplift the living standard of the people living in the community than about profitability, ethical, or compliance with approved legal provisions. The discharge of CSR therefore demands businesses to integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis. (Abdullahi, 2007 cited in Dandago & Muhammad, 2011). CSR is what an organization does to contribute to the social, economic, political or education of the community where it is but which it is not compelled to do by law (Adebayo & Oluwatoyosi, 2012).

A leading Global Business partner, in a Forum held in 2006 defined CSR as achieving commercial success in ways that honors ethical values and respect people, communities, and the natural environment. CSR also means addressing the legal, ethical, commercial and other expectations society has for business, and making decisions that fairly balance the claim of all key stakeholders. In its simplest term, CSR is: "what you do", "how you do it" "and when and what you say". In this sense, CSR is viewed as a comprehensive set of policies, practices and programmes that are integrated into business operations, supply

chain, and decision making processes throughout the company and wherever the company does businesses that are supported and rewarded by top management.

CSR is the concept that an enterprise is responsible or accountable for its impact on all relevant shareholders (European Union, 2006). According to Clarkson, (1995), CSR is a company's obligation to be accountable to all its stakeholders in all its operations and activities. Socially responsible companies will consider the full scope of their impact on communities and the environment when making decisions, balancing the need of stakeholders with their need to make a profit. CSR is concerned with treating the stakeholders of the firm ethically or in a socially responsible manner. Since stakeholders exist both within a firm's and outside a firm, hence, behaving socially and responsibly will increase the human development of stakeholders both within and outside the corporation (Clarkson, 1995).

All organizations have responsibilities to their employees, their clients and their immediate environment and the society at large. Therefore their commitment to CSR is expected to unite the organization, strengthens its reputation and creates vital links with the communities in which they operate (Tilt, 2009). CSR disclosure is a critical way for firms to communicate with society, to win the minds of the public that they are meeting their social expectations (Branco & Rodrigues, 2008). CSR is considered to be influenced by the institutional environment in which companies operate (Gilbert, 2008). Lohman&Steinholtz (2004) as cited in Osemene (2012) view the CSR concept as a combination of three separate agendas, namely Corporate Sustainability, Accountability and Governance.

Finally the study adopts the definition proposed by the commission of the European communities (2001) which construes CSR as a concept whereby companies integrate social and environmental concerns in their business operation and in their interaction with their stakeholders on a voluntary basis.

2.2.1 Environmental Management

In recent times, arguments about the importance of environmental responsibility have been laudable in relation to corporate performance (Deegan, 2002). Firms that undertake Environmental activities can create additional costs and benefits that can ultimately affect a company's financial performance. The costs include those related to compliance, insurance, on-site waste management, pollution control and future liability. Benefits can be increased revenues from contributing to the resources of firms that later bring competitive advantages and enhance company image (Russo & Fouts, 1997). According to Linde and Porter (1995), when firms follow properly designed environmental standards, these can trigger innovation that may partially or more than fully offset the costs of complying with them. Such innovation can also enhance competitiveness and create advantages over firms in other countries that are not subjected to similar environmental standard. Environment responsibility involves implementing environmental management system, accounting for environmental risk or management of supply chain compliance to so called standard. The supply and development of 'green' or socially responsible financial product is another means by which a bank can signal its commitment to sustainable development (Scholten, 2009). Samy, Odemilin and Bampton (2010) Posited that the UK companies placed greater importance on environmental activities, waste disposal gas-emission and other related environmental issues through CSR.

2.2.2Community Development

Corporate Social Responsibility emphasizes community participation by business enterprises. It proposes that both public and private firms have responsibilities to society that extend beyond making profit. It is the obligation of the firm's decision makers to make decisions and act in ways that recognize the relationship between the business and the society. It is therefore important for a business to continue in its commitment to behave

ethically and contribute to economic development while improving the quality of life of its work force and the surrounding community which can be achieved through the various CSR activities that the business chooses to engage in for the benefit of its stakeholders

Community development is part of the CSR activities engaged by firms or organizations. Which involve those activities, strategies and how firms conduct their business in a way that is ethical, society friendly and beneficial to communities in terms of development (Roja & Sherina, 2015).Community development responsibility is one of the elements of social responsibility when assessing CSR of an organization. Nejati and Ghasemi (2012) pointed that disclosure of community development points are different ways in which companies can contribute to the betterment of society by integrating societal norms and values in the firm's corporate strategy.

Community development initiatives ranges from charity and donations, support for education voluntary programs, support recreational activities and Arts exhibition, support for skill acquisition training to community, support to medical health care services and support for water supply in their business decision (Branco& Rodrigues, 2006).Firms can also obtain legal cost reduction by managing their relationship with the community and with the government.

Therefore, improving firm's reputation by increasing CSR can create good relationship and improve external perceptions (Aguilera,Rupp,Williams & Ganapath,2007). When firms engage in socially responsible activities, it has a reciprocal benefit as firms again improve reputation and the society gains from the projects implemented (Achua, 2008 &David, 2012). Chakraborty (2010) defined CSR as commitment to improve community well-being through discretionary business practices and contributions of corporate resources. According to Achua(2008) as cited by Terungwa & Achua (2011), banks need to be socially responsible to earn their reputational capital, which enables them to attract high quality

employees, charge higher fees, negotiate better deals, expand their market base, attract more investors and win the public.

2.2.3Employee Relation

Employee Relation is also an element of the social responsibility. Employee relation falls under the Human resource CSR where Human resource represents the intellectual property and the driver of value in any organization (Usman & Amran, 2015). Employee relation involves all aspect of employee welfare, employee engagement, employee representation employee participation, involvement and training. Workplace practices include recruitment, promotion and discipline. Promoting health in the workplace needs not be complicated or expensive. Organizations can engage in employee diversity by recruiting people from all communities regardless of gender, ethnicity, disability, age or belief to serve as a competitive advantage. Organizations can improve their reputation and financial performance through CSR policies deliberately developed to effectively manipulate and control the valuable rare and no perfect substitute that resides in the company (Branco & Rodrigues, 2006).

According to Greening and Turban (2000), Employee-related social activities help retaining existing personnel, attracting new employees and enhancing employee loyalty. Menassa (2010) noted that CRS activities related to employee relations has been linked to high financial performance outcomes and organizational effectiveness. Brine, Brown and Hackett (2006) demonstrate that companies that account for the interest of their employees by offering good working conditions achieve better performance. However, a commitment to CSR activities may help firms to attract and retain high quality employees (Greening&Turban, 2000). Human resource CSR fosters commitment, motivation and loyalty of employees and subsequent development of employee-related internal resources and capabilities (Branco& Rodrigues, 2006). Campbell (2007) opined that Corporations will

be more likely to act in socially responsible ways if they belong to trade or employees associations, but only if these associations are organized in ways that promote socially responsible behavior and that Corporations will be more likely to act in socially responsible ways if they are engaged in institutionalized dialogue with unions, employees, community groups, investors and other stakeholders.

2.2.4 Product Quality and Customer Satisfaction

Product quality and customer satisfaction are also an element of the economic responsibility of an organization under the sustainability reporting guidelines (SRG). It measures company management commitment effectiveness towards creating value-added product and services, upholding the customer's security. It also reflects a company's capacity to maintain its license, to operate by producing quality goods and services, integrating the customer's health and safety, preserving its integrity and privacy through accurate product information and labeling.

Product quality and customers initiative has been suggested to influence financial performance (Usman &Amran, 2015). Rasuid (2013) posits that the cardinal point of product and customer dimension of CSR encourages organizations to focus on ethical issues and good practices relating to products, services and customers to maintain market share. Product and customers initiative involves product and service quality, innovations, customer's satisfaction and education, special financial product to policies on micro credit. According to Kabir and Thai (2016), Product-related social activities lead consumers to support firms by taking positive actions such as purchase, loyalty and word-of-mouth

Through CSR initiatives, organization can improve their financial performance level by implementing socially responsible project that has economic value added on products and services such as ensuring customer protection and satisfaction (Galbreath 2009; Skudience &

AuruSkeviciene, 2012). Cannon (1994) opined that companies that struggle to remain socially responsible add brand value to their products and services. The study of Scholten (2009) reported that most banks in the US offer socially responsible financial products like credit cards in combination with compensation of the carbon dioxide emission that might result from the cards expenses.Customer's value and sustainability are the core values of a bank as they aim to create sustainability value for customers, shareholders, employees and society.Servaes and Tamayo (2013) stated that Consumers realize that only firms that care about product quality are willing to invest in CSR activities because profit-oriented firms find these investments too expensive. Usman and Amran (2015) presented a mixed finding in that there is a negative relation between product and customers CSR and ROA but a positive relation with market-based FP.

2.4 Review of Empirical Studies on CSR and Financial Performance

The search for a link between CSR and financial performance is a quest that was begun many years ago and is not yet concluded. During the past years, dozens of studies have examined this relationship. Academics who had previously reviewed the literature exploring the relationship between CSR and financial performance had found the studies to be inconclusive: no link between CSR and financial performance could be proved or disproved (Orlitzky *et al*, 2003). According to Barnett and Solomon (2003), despite the intensity of studies directed at it, the relationship between CSR and financial performance remains in dispute. Waddock and Graves (1997) found significant positive relationship between an index of CSR as measured by the Kinder Lydenderg and Domini database and performance measures such as ROA (Return on assets). They suggest that the reason why a virtuous circle would exist is because positive stakeholder relationship can reduce the likelihood of difficulty when dealing with groups such as employees, customers, and the community in addition,

good social performance and good managerial practice may be related, so this in turn may lead to strong financial performance.

Prior research has shown that there is a reverse- causality concern between CSR and financial performance. In this regard, it is believed that a firm's CSR affects its future performance and a firm's history of financial performance contributes to its current CSR involvement. McGuire, Sundgren, and Schneewies (1989) find that prior year's stock returns and accounting based performance measures are related to current measures of CSR, but that a past record of good social performance does not affect the current financial performance of a firm. This sounds incredible and seems a reversal of cause but however finds defense and strong support in the works of (Cho and Pucik (2005) and Xueming and Bhattacharya (2006). However Xueming and Bhattacharya as well as Cho and Pucik (2005) accommodate this reverse causality concern by using ratings of CSR from fortune magazine with a one year lag and as such rendered the reverse-causality bias no longer a concern.

In contrast, Tsoutsoura (2004) found a positive association between CSR and profitability. KLD scores were used as a measure of CSR while profitability was represented by ROA (return on assets). Nelling (2006) provides new insights on the causal relationship between firm performance and corporate social responsibility. He uses the KLD Socrates Database to measure CSR and ROA as firm performance and finds that CSR and performance are related when the standard OLS regression model is used but using a time series fixed effects approach, finds that the relation between CSR and financial performance is much weaker.

Brine, Brown and Hackett, (2006) examine the relationship between financial performance and corporate social responsibility across the top 300 AS listed companies for the 2005 financial year. They based their CSR measurement on whether companies made

separate sustainability disclosure beyond what is required of them by the regulatory framework. As such, the measure of CSR is a dummy variable. This variable has a value of one if the firm has adopted CSR and a value of zero if it has not. Accounting measures were used to calculate the financial performance of each company. The measures used were return on assets, return on equity and return on sales. The study found no statistical significant relationship between the adoption of CSR and a firm's financial performance.

Amaeshi, Adi, Chris and Olufemi (2006) used a two pronged and two stage approach to carry out a research on Corporate Social Responsibility (CSR) In Nigeria: Western mimicry or indigenous practices? The results/analysis showed that the understanding and practice of CSR in Nigeria is still largely philanthropic and altruistic. There finding differs from the understanding and practice of CSR in western economies where CSR have advanced beyond philanthropy.

Achua (2008) investigated corporate social responsibility in the Nigerian banking system. The study supports the restructuring of the commercial banks of Nigeria by creating a new supervisory agency to enable it to focus exclusively on bank supervision for more effective enforcement of good corporate governance by the banks. The new structure would allow the commercial banks of Nigeria to focus adequately on fiscal policy management to create a macro economic environment that is conducive for the banks to operate socially and profitably.

Uadiale and Fagbemi (2011), in their study, impact of CSR activities and financial performance in Nigeria, used a sample of forty listed companies. Regression analysis was use to analyzed the data, the result revealed that CSR has positive significant impact on performance. Indicating that, firms that engage in CSR are likely to have improved financial performance. This means that, CSR is one of the factors that drive financial performance.

Similarly, Bolande, Olanrewaju and Muyideen (2012) examined the effect of CSR and profitability in Nigerian Banks. The study identified only a single bank (First Bank) for the period of 2001 to 2010. The finding showed a positive significant relationship between CSR and profitability. Taking the above finding into consideration, it can be observed that the sample used for the study is not enough, for a single sample cannot be used for generalization as it only captures a single firm thereby neglecting other firms in the same sector. As often emphasized, the sample size and number of observations have direct impact on the appropriateness and statistical power of multiple regressions (Musa, 2005). Very large samples make the statistical significance test overly sensitive while small sample size reduces the statistical power of multiple regressions. This study overcomes this problem by using a larger sample size of 15 DMBs and used firm size and leverage as control variables. Also, the study left out quality product and customers satisfaction as proxy of the CSR model.

Djauvou, Vasylieva, Lyeona and Lasulova (2015) examined the relationship between corporate social responsibility and financial performance of 16 transition countries of the former Soviet Union and central Eastern Europe. The study investigated the nature of the link between CSR and financial performance and also the motive of banks engagement in corporate social responsibility practices during stable periods (2002 -2005) and turbulent periods (2008 – 2012) of 254 banks. They believe that the link between CSR and financial performances of firms depends on the method and data used for analyses and their motives for engagement as well. The results showed that CSR is primarily a business strategy that has a positive effect on bank performance in transition countries in both periods, consistent with the situations in developed and developing countries. Therefore, CSR activities are necessary to set align with banks strategies and focus on the long term. However, the impact of ROA and ROE on CSR was negative in both periods and this implies that less financially sound banks of the transition countries have comparatively stronger willingness to conduct social

activities**.** The results also confirmed that there is a simultaneous effect between corporate social responsibility and bank performance.

Lys, Naughton and Wang (2015) undertook a study on signaling through corporate accountability reporting using change in return on asset, change in operating cash flow and size adjusted stock returns as functions of financial performance and CSR scores related to expenditure on social and environmental activities to measure CSR. The study collected information on CSR activities from the Thomson Reuters Asset4 data base for 5928 firms focusing on both manufacturing and service industry in Russell from 2002- 2010. The result of the study showed that CSR expenditure have different attributes to different firms and there is a positive and significant association between CSR practices and different aspect of financial performance; but the causality does not necessary go from CSR expenditure to financial performance, rather that a firm undertake CSR initiatives because the firm expects strong future financial returns. They concluded that the positive relation is more likely due to the signaling value of CSR expenditure rather than the positive returns on those investments. The study is cross-sectional and therefore its results and findings can be generalized as it covers more than a sector of the country.

Ashraf, Khan and Tarig (2017) examined the impact of corporate social responsibility on bank's financial performance of Islamic and Conventional banks in Pakistan and Bangladesh. The data were collected from the respective bank's annual reports for period of 2010-2015 to analyze performance of banks. Return on asset, return on equity, earning per share and price earnings ratio as function of financial performance. Whiledonations, social welfare, education, health and environmental protection as proxy of CSR practices. The results explain that CSR positively and significantly impacts on the financial performance of banks. The positive impact of corporate social responsibility confirmed that the banks investment in

CSR activities would motivate the management to invest further to enhance their performance and even to maintain their stability in competitive sector. The study concluded that banks engage in CSR practices as strategic planning for increasing goodwill and reduce promotional costs. The findings also support the contribution of Pakistan and Bangladesh banks towards the welfare of society and better living standards through promoting education and better health facility.

Recently, Kabir and Thai, (2017) found a positive relationship between CSR and financial performance, in their study does corporate governance shape the relationship between corporate social responsibility and financial performance of 524 listed Vietnam firms from 2008 to 2013. The independent variable CSR practices measured as a single dimension of social activities and environmental activities as well as the aggregate CSR activities. The dependent variable are multiple proxies to measure financial performance which include return on asset, return on equity, return on sales, Tobin's Q and stock returns. The result of the study showed that the positive relationship is not due to an actual relationship between the variables rather, there is a third factor corporate governance measure that drives both CSR and financial performance. Hence, corporate governance proxies; state ownership, foreign ownership, larger board size and board independence moderates and strengthens the relationship between CSR and financial performance.

Kesto, (2017) Conducted a study on impact of corporate social responsibility practices on financial performance of banking sectors in Ethiopa. In this study, mixed research approach quantitative, qualitative and different econometric models were used to evaluate the relationship between CSR and bank's financial performance in Ethopia. CSR practices were viewed in terms of philanthropic contribution towards environment, community, consumers and employees. The study explored the perception of top-managements' and different

stakeholders' awareness about CSR through questionnaire and interview. The finding showed that, there is no significant relationship between the financial contribution for CSR activities and CFP which is similar to the findings of McWilliams & Siegel, 2000; Aragon & Lopez, 2007. The study concluded that the reason for variation in finds might be the fact that the research approach used and the proxies used to measure CSR activities were not efficient.

2.4.1 Environmental management and Financial Performance

Environment CRS involves implementing environmental management system, accounting for environmental risk or management of supply chain compliance to so called standard.Margolis, Elfenbein and Walsh, (2007) in their meta-analysis of 167 studies found evidence of a link between environmental dimension of CSR and firm performance. This result has also been confirmed in a study of the value relevance of environmental performance of eighteen environmentally sensitive firms in Nigeria (Oba, Fodio&Soje, 2012) Using logistic regression, they found out that there is a positive significant association between corporate strategy and financial performance (Return on Capital Employed)

Ngwakwe (2009) in his study Environmental responsibility and firm performance examined the relationship between social and environmental practices of 60 manufacturing firms in Nigeria. The study used differential analysis and multiple regressions as tools of analysis. using Return on Total Assets (ROTA) as measure of performance showed a significant relationship between community development (CD) and performance., the result revealed a statistically significant relationship (at 5 percent level) between CD and ROTA. The major limitation of the study however, is that the study did not conduct other robustness checks in examining the relationship and the study left out the product and customer responsibility which are included in the GRI guidelines.

Samy, Odemilin and Bampton (2010) in their study corporate social responsibility; a strategy for sustainable business success; an analysis of 20 selected British companies, Posit

that the UK companies placed greater importance on environmental activities, waste disposal gas-emission and other related environmental issues through CSR. The study showed a weak relationship between CSR and EPS a proxy of financial performance.

Keffas & Olulu-Briggs (2011) examined the financial performance of CSR and Non-CSR banks using financial ratios and frontier efficiency analysis. Using accounting information gotten for banks in Japan, US and UK quoted on the FTSE4Good global index from Bank scope database. The study included thirty eight (38) financial and economic ratios based on variables such as Asset quality, Capital, Operations and Liquidity; that captured major scope of financial performance. The study used Data Envelopment Analysis a non-parametric linear programming technique to create a piecewise linear frontier that helps to determine the efficiency levels for both a common and separate frontier analysis. Firstly, it was found that there is positive relationship between corporate social responsibility and financial performance (FP). Banks that incorporate CSR have better asset quality; capital adequacy; and are more efficient in managing their asset portfolios and capital. Secondly, it was also found that geographic location regulates the relationship between CSR and FP during economic contraction, such that the relationship differs across relationship and transactional banking models.

Olayinka & Temitope (2011) used qualitative research method to examine the relationship between corporate social responsibility and financial performance in Nigeria. The study obtained data on variables which were believed to have relationship with CSR and financial performance. These variables included Return on Earnings, Return on Asset, Community Performance, Employee Relation and Environment Management System. The result shows that CSR has a positive and significant relationship with the financial performance measures. These results reinforced the accumulating body of empirical support for the positive impact of CSR on financial performance.

Richard and Okoye (2013) examined the effect of corporate social responsibility on the deposit money banks in Nigeria. The objective of the study is to determine the effect of corporate social responsibility on the performance of Nigerian deposit money banks. The study adopted descriptive survey design in carrying out the study. The study reveals that Social responsibility has a great impact on the society by adding to the infrastructures and development of the society. The study also concluded that a company has to give back to the society in which it operates, clean up all forms of pollution it has caused in its course of operation and also provide infrastructural facilities to the society as a way of giving back and developing the society.

Dhingra and Mittal (2014), investigated the corporate social responsibility practices in the Indian banking sector which are classified into four phase foundation phase, expansion phase, consolidation phase and the reform phase. The study found that the major thrusts of corporate social responsibility practices are common in the public and private sector banks. The CSR practices include children welfare, community welfare, education healthcare, environmental protection, rural development, poverty eradication, vocational training, women empowerment, protection of the girl child and employment. The study found that only a few banks have a clearly defined CSR philosophy as most of the banks use corporate social responsibility as marketing tools. The study concluded that the Indian banks are integrating sustainability into their business model and that only few banks report their CSR activities on triple bottom line principle.

Usman and Amran (2015) in their study corporate social responsibility practice and financial performance evidence from Nigeria companies found a significant negative relationship between environmental CSR and financial performance which implies that the level ofenvironment CRS is very low. Usman and, Amran (2015) found a negative

relationship between environmental disclosure and financial performance which indicates that disclosure impact information could be value destroying in Nigeria

2.4.2 Community Development and Financial Performance

Community development represents the contribution of a firm towards the development of the community in which it operates.An earlier study by Oba, (2009) seems to have overcome the problem. The study examined the link between Community Corporate Social Responsibility (CCSR) and Tobin's Q a market based performance measure. The multiple regression result revealed an insignificant relationship between CCSR and Tobin's Q. The major shortcoming of this study is its use of small sample of 6 conglomerate firms in Nigeria. As often emphasized, the sample size and number of observations have direct impact on the appropriateness and statistical power of multiple regressions (Musa, 2005). Very large samples make the statistical significance test overly sensitive while small sample size reduces the statistical power of multiple regressions. This study overcomes this problem by using a larger sample size of 15 DMBs for a period of ten years. These studies did left out quality product and customers satisfaction as proxy in other to extend the CSR model.

The study of Uadiale and Fagbemi (2011), overcame the problem of sample size. The study used a sample of forty quoted companies in Nigeria to examine the impact of CSR proxy company performance to community (CP), environmental management system (EMS) and employee relations (ER) on the financial performance using return on asset (ROA) in developing economies. The result of the study showed a positive and significant relationship. Their study used cross sectional data instead of panel data which would have been more appropriate to use. However, Kabir and Thai, (2017), observe that the positive relationship between CSR and financial performance is not due to an actual relationship between the

variables but rathera third factor in form of corporate governance drives both CSR and financial performance.

Furthermore, Okafor and Oshodin (2012) in their study on the impact of CSR and financial performance of quoted companies from 2008 to 2010 found a mixed relationship between community developments a proxy of CSR and profit after tax as a proxy for financial performance. Their study used cross sectional data instead of panel data which would have been more appropriate to use. More so, the study did not consider product and customer satisfaction as a proxy of CSR.The period coverage is three years which is too short. The period coverage is important in every study

Lee,Seo and Sharma, (2013) in their study CSR and financial performance of United KingdomAirlines, measured CSR in term of community development, employee participation and environmental management. The study found a negative relationship between community developments a proxy of CSR and financial performance in the UK airline industry with the moderating effect role of oil prices.

Lee, Shingal and Kang,(2013) conducted a study on the link between CSR and performance of UK Restaurants proxy by non-operational related activities which includes community development and found no significant relationship during non-recessionary periods and a negative relationship during recessionary period.

The study of Al-Tamin (2014), investigate corporate social responsibility (CSR) practices of UAE banks based on three basic models of CSR; pyramid, intersecting circles and concentric circles from June to November 2012. The study developed a modified questionnaire consisting of 18 questions on awareness of CSR, CSR dimensions, the most important issues of CSR, CSR instruments, stakeholder engagement and co-operation, the community activities carried out by UAE banks, voluntary activities to mitigate climate change, CSR

practices, organizational responsibility for CSR, CSR payback, public policy support for corporate social responsibility and the relationship with the stakeholders. The of the results indicated that the UAE banks are aware of the concept of CSR; emphasis more on compliance with mandatory social and environmental legislation and less on the optional dimensions or non-mandatory legislation; the social specific issues are the most important ones, indicating that UAE banks need to address the social issues for growth and sustainability purposes; the most important instruments adopted by UAE banks are company specific management systems followed by company specific codes; the UAE banks collect information about/from stakeholders and consult stakeholders and participate in multi stakeholder initiatives; the UAE banks make a positive contribution in supporting community activities such as donations and sponsorship, but they need to contribute more; the UAE banks are not heavily involved in problems of climate change; the UAE banks ensure equal access to their banking services for all women, irrespective of their marital status, race, etc.; they meet the mandatory legislation requirements related to CSR; the most important organizational responsibility of the UAE banks is compliance control and auditing responsibility; the UAE banks strongly support corporate social responsibility efforts to payback to the society but place less emphasis on public policy support for CSR.

Ni, Egri, Lo and Lin (2015) investigated the impact of CSR pattern and practices proxy by community development and employee relation for 466 firms in mainland China, Hong kong and Taiwan. The study was based on company surveys conducted in 2006–2008. The study reveals a positive relation between community development and financial performance in China and Hong Kong but a negative relation in Taiwan. This signifies high community participation due to their nature and culture in China and Hong Kong. The shortcoming of this study is the use of survey which is said to be subjective and bias.

In an attempt to investigate the impact of corporate social responsibility and financial performance of the banking sector in Scandinavian countries, Fan and Moore (2015) identified 5 banks dominating in Scandinavia from 2011-2015. The independent variable adopted for the study were CSR practices proxy by emission of CO2, women, women in board, tax, donations, employee cost and employee turn over. While return on equity, EBIT and Tobin's Q were used as the dependent variables for the study. The results of the study showed that the relationship between CSR practices and financial performance measure vary. A regular pattern could not be found, both positive and negative relationships exited among the variables. They therefore concluded that there is no relationship between CSR practices and financial performance as the data did not provide enough evidence. Therefore, the results of the findings cannot be used to make generalizations.

Similarly, Mann and Singh (2015) conducted a study which analysed the impact of corporate social responsibility practices on the financial performance of Indian banks in both public and private sectors for the period 2010-2014. They used a panel data of 20 banks and the result of the findings showed a positive but insignificant relationship between return on asset, and community welfare, employee welfare and a negative relationship with environmental protection. While return on equity showed no significant relationship with the CSR variables; resulting to mixed findings in the study. The study concluded that most banks in India do not engage in CSR practices as only few banks engaged in community welfare among other activities. Therefore, financial performances of the banks are affected by corporate social responsibility to an extent. The period covered in the study is relatively wide enough to ascertain the level at which corporate social responsibility practices influence the financial performance of the Indian banks. Also, the sample size is relatively large to represent the studied banks.

2.4.3 Employee Relation and Financial Performance

Employee relation involves positive union relation, exceptional benefit, workforce management policies, cash profit sharing as well as employee ownership and involvement. Studies on employee relation and performance are inconclusive. Some studies found positive relationship some negative, some mixed relationship. Others found no relationship. Fauzi (2009) did a research on firms listed on the New York Securities Exchange (NYSE) to determine the relationship between employee relation a proxy of CSR and financial performance. Using a sample of 101 companies listed at the NYSE and a regression model with financial performance as the dependent variable and CSR index as the independent variable, he found that CSR has no significant effect on CFP. The limitation of the study is that of low sample size compare to studies in that region the period coverage is four years. The period coverage is important in every study.

Oba 2009 investigated the impact of CSR on the market value of quoted conglomerates in Nigeria from 2001 to 2006, used multiple regressions and found a significant aggregate impact of CSR on financial performance but a negative an insignificant impact of employee relation on the market value. The limitation of this study is that the study considered a small sample size instead of considering the entire population. The study also ignores other proxies of CSR like product quality and customer's satisfaction which are included under the GRI guidelines.

El Ghoul, Guedhami, Kwok and Mishra (2012), they examined the effect of CSR on the cost of equity capital for a large sample of U.S. firms. Using several approaches to estimate firms' ex ante cost of equity, they find that firms with better CSR scores exhibit cheaper equity financing. In particular, their findings suggested that investment in improving responsible employee relations, environmental policies, and product strategies contributes substantially to reducing firms' cost of equity. Their results also show that participation in

two “sin” industries, namely, tobacco and nuclear power, increases firms’ cost of equity, which supported the arguments in the literature that firms with socially responsible practices that has higher valuation and lower risk.

Okafor and Oshodin, (2012) in their study on the impact of CSR and financial performance of quoted companies from 2008 to 2010 found a mixed relationship between employee relations a proxy of CSR and financial performance. Lee, Seo and Sharma (2013), found a positive relationship between employee relations a proxy of CSR and financial performance in the UK airline industry with the moderating effect role of oil prices.

A study carried out by Amole, Adebiyi & Awolaja (2012) on the impact of corporate social responsibility on the profitability of Nigerian banks, which made use of ordinary least square (OLS) model of regression in testing the relationship between dependent variable profit after tax and independent variable CSR expenditure for the period of 2001-2010. The results of the regression analysis revealed that for every unit change increment in the CSR expenditure, there will be an increase in the profit after tax of the bank. The study finds that there is positive relationship between banks CSR activities and profitability, stating the need for banks to demonstrate high level of commitment to corporate social responsibility based on stakeholders theory in order to enhance their profitability in the long run.

Akinpelu ,Ogunbi ,Olaniran & Ogunseye (2013) investigated the various types of social responsibility activities information that were disclosed by Nigerian commercial banks and the factors that determine the level of disclosure in their annual reports and accounts. Descriptive data analysis results indicated that commercial banks in Nigeria disclosed more information on human resources and community involvement and very low information on environmental, product quality and consumer relation. The result of multivariate analysis suggested that value of total assets have positive relationship and statistically significant with

the level of corporate social responsibility activities disclosure, although, gross earnings and number of branches are positively and significantly related with Corporate Social Responsibility.

Fodio, Abu-Abdissamad and Oba (2013) conducted a study on the effect of CSR on the firm value of 35 listed financial services on the Nigeria stock exchange. The study captured CSR based on 52 items of CSR disclosure under the sub headings of environmental management, community development and human resource. A two stage regression was employed to measure the moderating effect of leverage, firm size, divided and growth. The study found a positive relationship between employee relations and firm value. The limitation of the study is that of period covered and non inclusion of product and customer satisfaction as a proxy for CSR.

Lee, Shingal and Kang (2013) conducted a study on the link between CSR and performance of UK Restaurants measured CSR in term of community development, employee participation and environmental management. The study found a negative relationship between community developments a proxy of CSR and financial performance in the UK airline industry. Also, the moderating effect of oil prices and operational related activities which include employee relation showed no significant relationship during non-recessionary periods and a positive relationship during recessionary period.

Abdulrahman (2014) examined the influence of CSR on total assets of quoted conglomerates in Nigeria, by using secondary source of data from annual reports of quoted conglomerates in Nigeria, and through fact books of Nigerian Stock Exchange (NSE) for the period of the study (2006-2011) by means of census approach. The study used regression and correlation analysis in interpreting the result of the formulated hypothesis. Based on the outcome of the result it shows that there is a strong positive relationship between CSR and TA and it is significant at 1% level of significance.The limitation of the study is the period

coverage of six years and they did not include product quality and customer satisfaction as proxy to CSR

Ni, Egri, Lo and Lin (2015) investigated the impact of CSR pattern and practices proxy by community development and employee relation for 466 firms in mainland China, Hong kong and Taiwan. The study reveals a positive relation between employee relation and financial performance in Taiwan but a negative relation in China and Hong Kong. Thus, this signifies high employee relation due to the labour law supported by the government.

2.4.4 Product and Customers Satisfaction and Financial Performance

Product and customers initiative has been suggested to influence financial performance (Usman& Amran 2015). Torres, Bijmolt, Tribo and Verhoer (2012) in their study generating global brand equity though CSR to key stakeholders using a sample of 57 brands from 10 different countries found a positive relationship between customers as stakeholders and brand equity. Although, the study made use of index to measure CSR it fail to use a two stage regression to find the relationship between CSR and FP andthe relationship between CSR and FP with the moderating variable.

Terungwa (2010) quest to know how socially responsible the banking system is responding to this vital developmental issue. Small and Medium Enterprises Equity Investment scheme (SMEEIs) is an umbrella under which banks came together to supposedly attend to this problem. The study made use of secondary data which was the ratio of loans to SMEs by commercial and merchant banks to their total credit for the period between 1993 - 2008. A paired sample t-test was used to test the significance of bank loans before and after the introduction of SMEEIS. It is found out that SMEEIs did not make any significance impact on loan disbursement to SMEs.

Babalola (2012) examined the relationship between corporate social responsibility and firms‟ profitability in Nigeria with the use of secondary data, sourced from ten (10) randomly selected firms on the Nigerian Stock Exchange for a period 10 years from 1999-2008. The study employed ordinary least square for the data analysis. The findings of the study showed that the amount committed to social responsibility varies from one company to another. Also, the analysis showed that the sample firms invested less than ten per cent of their annual profit to social responsibility. The result obtained shows a negative and inverse relationship between CSR and profit after tax of the selected firms in Nigeria. The study recommends that laws and regulations to obligate firms to be recognized, adequate attention should be given to social accounting in terms of social costs and to comply with social responsibility should be enacted.

Luper (2013) showed that there is need for the Nigerian banks to rethink Corporate Social Responsibility (CSR) in all the key sectors (such as education, power, health, agriculture, and small and medium-sized enterprises) of the economy. Empirically, using the data on commercial banks loans to SMEs provided by the CBN statistical bulletin for the period of ten years (from 2001-2010). The results of the study showed that, bank consolidation in Nigeria has led to a decline in SMEs financing to less than one per cent on average in the study period, and there is no significant improvement inSMEs financing in Nigeria before and after bank consolidation. This clearly indicates that Nigerian Banks are not committed to their CSR (economic responsibilities) of financing to SMEs which is critical in mitigating these economic challenges and enhancing economic growth. The study recommends among others that, there should be further diversification in SMEs financing. In order to improve the CSR of Nigerian banks, there is also the need for banks to help in the training of SMEs owners as a matter of necessity on the need to maintain proper accounting records in the country.

Ajide and Aderemi (2014) also examined the effect of corporate social responsibility activity disclosure on the corporate profitability of20 commercial banks in Nigeria the year 2012. Using scoring method, the study measured corporate social responsibility practices under four subtheme namely community involvement, human resources, product quality and consumer relation, environmental. Bank size and risk proxy by owners' equity and reserve are used as control variable in the study. The result showed that CSR disclosure scores have a positive relationship with financial performance of the banks studied. While the control variable, bank size and equity have negative influence on the banks financial performance. The study recommended that the banks should improve and continue to disclose their corporate social responsibility information as well as demonstrating high level of commitment to CSR as suggested by stakeholders' theory. The period covered in the study is not relatively wide enough to ascertain the level at which corporate social responsibility practices influence the financial performance of the banks, and to make generalization. Also, the sample size is relatively large to represent the studied banks.

Usman and Amran (2015) in their study corporate social responsibility practice and financial performance evidence from Nigeria companies found a mixed result where product and customers CSR have significant negative relationship with accounting based financial performance and a positive relationship with market based financial performance. Their study made use of index to measure CSR and consider product and customer satisfaction as CSR proxy. The limitation of the study is, the study did not make use of principal component analysis(PCA) which would have been the appropriate tool since the studycombined both accounting base and market base financial performance measurement. Also, the period coverage is three years which is too short. The period coverage is important in every study as well as the sample size in order to make generalization.

Kabir and Thai (2017) found a positive relationship between the aggregate CSR construct but specifically reported a positive relationship which is statistically significant, in their study of Vietnamese firms. Does corporate governance shape the relationship between CSR and financial performance? The limitation of this study is, the none consideration of each CSR dimensions separately but instead consider CSR as one all comprehensive activity. Since CSR is a multi-dimensional construct and is application is industry specific.

2.5 Theoretical Framework

Different theories have been used by previous researchers to underpin studies in this area. The theories include stakeholder theory, legitimacy theory, strategic theory, agency theory and stewardship theory.

2.5.1 Stakeholder Theory

Stakeholder theory concentrates and focused on particular stakeholders groups. It explains how an organization interacts with these particular groups. The theory holds that business organization must play an active social role in the society in which it operates. Freeman (1984) one of the advocates of stakeholder theory, presented a more positive view of manager's support of CSR. He asserts that managers must satisfy a variety of constituents (e.g. investors and shareholders, employees, customers, suppliers, government and local community organizations) who can influence firm outcomes. According to this view, it is not sufficient for managers to focus exclusively on the needs of stockholders, or the owners of the corporation. Stakeholder theory implies that it can be beneficial for the firm to engage in certain CSR activities that non- financial stakeholders perceive to be important, otherwise, these groups might withdraw their support. Stakeholder´s groups vary from firm to firm, as well as the importance of each of them. CSR should begin with identification of stakeholders and follow by finding the strategy how to satisfy and harmonize their expectations.

The Stakeholder theory has two important parts. First, an ethical (normative) part and second managerial (positive) part (Deegan & Unerman 2006). The ethical part as described by Deegan et al. (2006) stated that companies should treat all their stakeholders fairly, regardless of their power. This part deals with the reasons for promoting stakeholder interests even in the absence of any obvious benefit. All groups have intrinsic rights, including the right to information. For example stakeholders have some rights like safe working conditions and fair pay. The managerial part describes that companies are more interested to satisfy the powerful stakeholders (Deegan & Unerman 2006). The demands of the different stakeholders will have an influence on the company disclosures and operations. The managerial branch of the Stakeholder theory explains that companies will rather satisfy the demands of those powerful stakeholders that are essential for their survival.

As indicated by Roberts (2004) stakeholder theory addresses various issues connected with relationship with stakeholders, including considerations of the privileges of stakeholders, the force of stakeholders, and the successful management of fulfilling stakeholders' desires. A significant end of relations along these lines is to achieve the capability to adjust the clashing requests of various stakeholders in the firm. Performing and unveiling social responsibility exercises are a piece of the procedure for overseeing stakeholder connections. The stakeholder theory is used to underpin CSR component proxy by environmental management, community development, employee relations and product quality and customers satisfaction.

2.5.2 Legitimacy theory.

Stakeholder theory concentrates and focused on particular stakeholders groups. Legitimacy theory discusses expectations of society in general. Legitimacy theory is one of the most important theories in explaining corporate social reporting (Campbell, 2007). This theory rests on the concept that organizations have a social contract with society (Cormier

and Gordon, 2001) and that fulfilling this social contract would provide them legitimacy to operate. One way in which companies can obtain legitimacy is through communicating to their various constituencies. In his research, Campbell (2007) described the evolution of corporate social reporting – measured by the number of pages and the number of words spent on corporate social disclosures in the annual report – within one specific company, namely Marks 1and Spencer Plc, over a period of 28 years. The author concluded that legitimacy theory can explain only partially, not completely, the evolution of these corporate social disclosures. Due to the fact that the key switching points in the volume of corporate social reporting matched the points of succession of the different chairmen, Campbell (2000) assumed that the company's chairmen had an important influence on the volume of this voluntary reporting. However, the influence of the chairman could not be explained by legitimacy theory. Several other studies also tested whether legitimacy theory (Wilmshurst and Frost, 2000; Cormier et al. 2004)or other theories, such as agency theory and stakeholder theory could provide a theoretical framework.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter covers the methods and techniques adopted to achieve the research objectives. The chapter begins with the research design, and then population and sample of the study. It also present and explains the sources and method of data collection for the study and the technique of data analysis. It also presents the definition and measurements of the variables and models of the study and the justification of the methods and techniques adopted.

3.2 Research Design

This study employed correlation research design to examine the effect of CSR activities on the financial performances of deposit money banks in Nigeria. Correlational research design is chosen in this study because of its consistency with the research objectives, as the aim of the design is to investigate the relationships between variables and to estimate the impact of the independent variable on the dependent variable, so as to establish a causal relationship or otherwise among the variables.

3.3 Population of the study

The population of this study consists of all the DMBs listed on the Nigerian Stock Exchange as at 31st December 2016. Fifteen (15) banks were listed on the floor of Nigerian Stock Exchange as at 31st December 2016. In view of the availability of data, this study considers the entire fifteen (15) banks. The list of the DMBs that were studied is given in Table 3.1

Table 3.1 List of DMBs

S/N	NAME
1	Access Bank Plc.
2	Diamond Bank Plc.
3	Ecobank Nig. Plc.
4	First Bank Nig. Plc.
5	First City Monument Bank Plc.
6	Fidelity Bank Plc.
7	Guaranty Trust Bank Plc.
8	Skye Bank Plc.
9	StanbicIBTC Bank Plc.
10	Sterling Bank Plc.
11	Union Bank Plc.
12	United Bank for Africa Plc.
13	Unity Bank Plc.
14	Wema Bank Plc
15	Zenith Bank Plc.

Sources: Generated by the author from NSE fact book, 2016

3.4 Sampling size and sampling Technique

The sample size of the study is the entire fifteen DMBs listed on the floor of the Nigerian Stock Exchange as at 31st December 2016. A firm must have been listed on the NSE and remained in operation throughout the period 2006-2015, and must have the basic data required for the study in its financial statements over the period to be included in the study. The fifteen DMB, which represented the population, were all studied based on census approach.

3.5 Sources and Method of Data Collection

The study used secondary data contained in the annual financial statements of the fifteen (15) listed DMBs for the period 2006 to 2016. Relevant information on the dependent and independent variables of the study were extracted from the financial statements. The panel dataset comprised 150 observations which were subjected to different tests for analysis.

This study used data from secondary sources. The data is obtained from the annual reports and accounts of." Secondary data were used due to the nature of the variables under

study. Panel data were extracted from the annual reports and accounts of the firm for the purpose of assessing the relationship between the variables of the study".

3.6 Technique for Data Analysis

Multiple regressions were used for the panel data analysis in order to establish relationship between the variables. Multiple regression was considered appropriate in view of the fact that it helps in not only establishing "relationship" between variables, but cause and effect. In order to achieve reliability of the result, robustness tests like Multicolinearity test, Hausman test, autocorrelation and Heteroskedasticity test were conducted.

3.7 Model Specification and Variables Measurement

The model used to empirically test the hypotheses formulated is as follows:

$$\mathrm{ROA}_{it} = \beta_0 + \beta_1 ENVN_{it} + \beta_2 \mathrm{CMNTY}_{it} + \beta_3 \mathrm{HRES}_{it} + \beta_4 \mathrm{PDCUS}_{it} + \beta_5 \mathrm{fSIZE}_{it} + \beta_5 LEV + \mathrm{e}_{it}$$

Where;

ENVN = Environmental management

CMNTY =Community development

HRES = Employee Relations

PDCUS = Product and Customer Service

LEV = Leverage

FSIZE = Firm Size

e = error term

The model includes firm-level control variable. It is likely that different firms have different level of CSR activities.

3.7.1 Variables Specification

The variables of the study consist of dependent variable which is firm financial performance measured by return on assets (ROA) and the independent variable is CSR practices (Environmental management, community development, human resource management and product and customer services). CSR practice was measured using content analysis of annual reports of listed Deposit Money Banks in Nigeria. The disclosure index was developed with the aid of checklist of social and environmental disclosure items as shown in appendix B. The checklist is divided into four (4) broad categories: Environmental management, community development, Human resource management, product and customers service which are derived from the core indicators based on the global reporting initiative (GRI) guidelines. A dichotomous approach (un-weighted) scoring system was used. The disclosure quantity was calculated based on the presence or absence of each item in the individual annual report (Scholten, 2009; Usman & Amran, 2015). A score of one (1) was awarded if an item is reported in the annual report; otherwise a score of zero (0) will be given. Therefore, a firm could score a minimum of zero (0) and a maximum of seven (7), twelve (12), nine (9), and nine (9) points for Environmental management, community development, human resource management, product and customer service respectively. The independent variables are controlled by leverage and the size of firm.

Table 3.2 Variables Measurement and Definition

Variables	Definition and Measurement
Dependent variables	
Returns On Assets (ROA)	Measured as earnings before interest and tax divided by the firm's total assets Fauzi(2009) and Gunu (2008)
Independent variables	
Environmental management (ENVR)	Measured as Ratio of disclosure score of individual firm to maximum score obtainable for environmental activities(Ngwakwe,2008)
Community Development (CMNTY)	Measured as Ratio of disclosure score of individual firm to maximum score obtainable for community development activities (Gunu,2008; Ni, Egri, Lo & Lin 2015)
Employee Relation(HRES)	Measured as Ratio of disclosure score of individual firm to maximum score obtainable for Human resource management activities (Oba, 2009)
Product and Customer Service (PDCUS)	Measured as Ratio of disclosure score of individual firm to maximum score obtainable for product and customer service activities(Usman & Amran 2015)
Control Variables	
Firm Size (FSIZE)	Measured as natural logarithms of firm's total assets (Babalola 2012 andUsman & Amran, 2015)
β	Intercept
ε	Error term
it	Firm i at time t

Sources:*Compiled by the Author from Various Literature*

3.7 Robustness Test

The following robustness tests were conducted in order to improve the validity of statistical results:

(i) Multicolinearity test: The study adopted multiple regression models to ascertain the association between the independent and dependent variables. Where the association is highly correlated, multi colinearity exists. For that the study tested for it, to see the possibility of its existence or otherwise. This was done using Variance Inflation Factor (VIF) and the Tolarance value. The VIF tell us the

degree to which each independent variable is explained by the other independent variables. Tolerance represents the amount of variability of the selected independent variable not explained by the other independent variables (that is, one minus the coefficient of determination, R2). As a general rule, a very small tolerance value (the common cut off threshold of which is 10 and a large VIF values represent muilticulinarity.

(ii) Heteroscedasticity test: The study deals with observations that constitute different sizes, some are in decimal while others in units, and that heteroscedasticity sometimes occurs when there is a large difference among the sizes of observations. Heteroskedasticity test was conducted to check whether the variability of error terms is constant or not. The presence of heteroskedasticity signifies that the variation of the residuals or term error is not constant which would affect inferences in respect of beta coefficient, coefficient of determination (R^2) and F-statistics of the study. Where the chi-square is large it indicates that heteroskedasticity is present.The study implored Breusch-pagan/cook-weisberg test for heteroskedasticity.

(iii) Hausman test: In view of the fact that both fixed and random effect tests were conducted. Hausman test was used to decide the best out of the two results. The test enabled the researcher to choose the most appropriate between the fixed and random effect models. The test is designed to detect violation of the random effects modeling assumption that the explanatory variables are orthogonal to the unit effects. If there is no correlation between the independent variable(s) and the unit effects, then estimates of β in the Fixed Effects model should be similar to estimates of β in the Random Effects model.Under the null hypothesis of

orthogonality, H is distributed chi-square with degrees of freedom equal to the number of regressors in the model. A finding that $p < 0.05$ is taken as evidence that, at conventional levels of significance, the two models are different enough to reject the null hypothesis, and hence to reject the random effects model in favor of the fixed effects model. If the Hausman test does not indicate a significant difference ($P > 0.05$), then, it does not necessarily follow that the random effects estimator is "safely" free from bias, and therefore to be preferred over the fixed effects estimator.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter presents the analysis and discussions of the results obtained from the tests conducted on the data collected. The chapter begins with the presentation and discussion of the descriptive statistics of the data collected, and then followed by correlation matrix of the variables of the study. It also presents the regression results and test of hypotheses of the study. The chapter ends with the discussions of the major findings of study and the policy implications of the findings.

4.2 Descriptive Statistics

The descriptive statistics of the data for the study are presented and analyzed in this section, as presented in Table 4.1;

Table 4.1: Descriptive Statistics

Variables	Mean	SD	Min	Max	Skewness	Kurtosis	N
ROA	1.6379	3.5351	-10.540	19.3050	1.5273	12.8819	150
ENVR	0.1280	0.0588	0.0200	.24000	-0.0393	1.8509	150
CMNTY	0.1553	0.0474	0.0500	0.24000	-0.0418	2.0729	150
HRES	0.1341	0.0475	0.0200	0.2000	-0.3595	2.0791	150
PDCUS	0.1577	0.0422	0.0600	0.2200	-0.5124	2.1288	150
LEV	1.0935	1.4546	.3499	10.9679	5.9872	37.8451	150
FSIZE	20.3299	0.9776	18.0991	22.2273	-0.2487	2.5106	150

Source: STATA OUTPUT (Appendix A1)

The table 4.1 presents the descriptive results of the measures of financial performances (ROA), and the CSR practices (environmental management, community development, employee relation and product/customer services) of deposits money banks in Nigeria during the period 2006-2016. The table indicates that the average financial performance based on the accounting-based measure, ROA is 1.6% with standard deviation of 3.535 and minimum ROA of -10.54% as well as the maximum ROA of 19.31% during the period. Higher return

on assets signifies better financial performance while lower return on assets shows lower financial performance. The average value of return on assets is 1.6 which signifies that the average financial performance of listed DMBs in Nigeria is N1.6b.The results provide preliminary evidence that the variable did not follow the normal distribution as the value of standard deviation indicated a wide dispersion from the mean value. Similarly, the coefficient of Skewness 1.527 indicates that the data is positively skewed, that is, most of the data are on the right side of the normal curve, and the data did not follow the normal distribution. The value of kurtosis 12.882 on the other hand, suggests that the data does not follow the normal curve as requires by the Gausian distribution assumption.

The average environmental management performance score of the deposit money banks is 12.8%, with standard deviation of 0.0587 and minimum score of 2% as well as the maximum ENVR of 24% during the period. The result signifies that the banks engagement to environmental management is low. Additionally, the coefficient of Skewness of -0.0393 indicates that the data is negatively skewed, that is, most of the data are on the left side of the normal curve, and the data did not follow the normal distribution.

The Table also indicated that the average community development performance score of the sample banks is 15.5%, with standard deviation of 0.047 and minimum score of 5% as well as the maximum CMNTY CSR of 24% during the period. Higher performance means 20% involvement in community development and lower performance means 5% involvement in community CSR.

The human resource/employee relation activities (HRES) score of the deposit money banks shows a minimum score of 2% and a maximum score of 20% during the period. This means that for the banks to have minimum financial performance they must engage in only 2% of employee relation activities and for maximum financial performance, the banks should engage in 20% of employee relation activities. The banks also need 13.4% to maintain

average financial performance. Also, product quality and customer service (PDCUS) scores of the banks shows a maximum score of 22% and minimum score of 6% respectively. This implies that for the banks to have an average financial performance, they need to have 15.7% scores on product quality and customer service CSR.

The descriptive result shows that the average firm leverage (LEV) of the sample banks during the period of the study is 1.094 with standard deviation of 1.455, and the minimum and maximum LEV of 0.349 and 10.968 respectively. These results provided evidence that there is a bank with negative net assets (Union Bank Plc) in the sample of the study, which lead to the leverage of more than one. The standard deviation suggests that the data is widely dispersed from the mean, because of the higher value of standard deviation. The kurtosis value of 37.845 shows that the data is not normally distributed as it is far from; on the other hand, the coefficient of Skewness 5.987 implies that the data is positively skewed, and thus, the normal distribution assumption is not been met. The table shows that the average firm size (FSIZ) of the banks during the period of the study is 20.329 with standard deviation of 0.997. This implies that the data deviate from the mean from both sides by 0.977%, the standard deviation suggests that there is dispersion from the mean. The minimum and maximum values of FSIZ are 18.099 and 22.227 respectively.

The descriptive statistics results and analysis and the presence of skewness and kurtosis above clearly show that the data collected for the studied variables is not normally distributed, hence the need for the conduct of a normality test through the Sarpiro- Wilk test which was carried out and the results are presented in Table 4.2 and followed by a brief analysis of the results:

Table 4.2: Normal Data Test Result

Variables	W	V	Z	P-Values	N
ROA	0.719	32.615	7.900	0.000	150
ENVR	0.962	4.086	3.351	0.000	150
CMNTY	0.979	3.107	2.001	0.022	150
HRES	0.966	2.729	3.055	0.001	150
PDCUS	0.948	7.926	4.042	0.000	150
LEV	0.203	1.769	10.268	0.000	150
FSIZE	0.986	1.554	0.999	0.158	150

Source: STATA OUTPUT

In this section, the study employs Shapiro test of normality which shows that all the variables (ROA, ENVR, CMNTY, HRES, PDCUS, and LEV) of the study are not normally distributed except firm size. This is for the fact that the P-values (0.000 0.000 0.022 0.001 0.000 and 0.000) for the coefficient of the test indicates significant except that of the firm size (0.158) which is normally distributed. The abnormality of the data does not affect the statistical inferences of the result as supported by Gausian (1929) and Shoa (2003).

4.3 Presentation and Analysis of Correlation Results

In this study, the Pearson correlation has been used in order to determine the correlation between the quantitative variables. The correlation matrixes between the variables have been provided in Table 4.3:

Table 4.3: Correlation Matrix

Variables	ROA	ENVR	CMNTY	HRES	PDCUS	LEV	FSIZE
ROA	1.0000						
ENVR	0.1495	1.0000					
	(0.0679)						
CMNTY	-0.0432	-0.7707	1.0000				
	(0.5997)	(0.0000)					
HRES	-0.1051	-0.7631	0.7423	1.0000			
	(0.2004)	(0.0000)	(0.0000)				
PDCUS	-0.0395	-0.7341	0.8209	0.7858	1.0000		
	(0.6316)	(0.0000)	(0.0000)	(0.0000)			
LEV	0.4943	0.2113	-0.1120	-0.1376	-0.1094	1.0000	
	(0.0000)	(0.0094)	(0.1726)	(0.0932)	(0.1826)		
FSIZE	-0.0625	0.5499	-0.4878	-0.4480	-0.5206	-0.3906	1.0000
	(0.4471)	(0.0000)	(0.0000)	(0.0000)	(0.0000)	(0.0000)	

P-Values in Parentheses (2-tailed)

Source: STATA OUTPUT (Appendix A12)

The correlation results from Table 4.3 shows the relationships between the financial performances and the corporate social responsibility activities of deposits money banks in Nigeria. The table shows a significant positive relationship between ROA and the environmental management (ENVR) of the deposit money banks from the correlation coefficient of 0.1495 which is statistically significant at 10% level of significance (p-value of 0.0679). This result implies that there is direct relation between ENVR of banks and the return on assets during the period. Table 4.3 also shows a negative relationship between return on assets (ROA) and community CSR (CMNTY) of banks from the correlation coefficient of -0.0432 which is not statistically significant at all levels of significance (p-value of 0.5997). This result implies that banks' community involvement is inversely related with the financial performance of DBMs in Nigeria. The correlation matrix table shows a negative relationship between ROA and the employee relation (HRES) of the sample banks from the correlation coefficient of -0.1051 which is not statistically significant at all levels of

significance (p-value of 0.2004). This result implies that there is indirect relation between HRES CSR of banks and the return on assets during the period, but is not statistically significant. Table 4.3 shows a negative relationship between ROA and the product/customer CSR (PDCUS) of the sample banks from the correlation coefficient of -0.0395 which is not statistically significant at all levels of significance (p-value of 0.6316). This result indicated an indirect relation between PDCUS CSR of banks and the return on assets during the period.

With regard the controlling variables (Leverage and firm size), the table shows a significant positive relationship between ROA and the firm leverage (LEV) of the deposit money banks from the correlation coefficient of 0.494 which is statistically significant at 1% level of significance (p-value of 0.0000). This result implies that there is direct relation between leverage in moderation of banks' CSR activities and the return on assets during the period. The table on the other hand shows a negative relationship between ROA and the firm size (FSIZE) of the sample banks from the correlation coefficient of -0.0625 which is not statistically significant at all levels of significance (p-value of 0.4471). This result indicated an inverse association between firm size in moderation of banks' CSR activities and the return on assets during the period.

In addition to the normality test conducted and in an effort to ensure the validity and reliability of the data collected on the explanatory variables, the study further conducted diagnostic test for multicollinearity using variance inflation factor (VIF) and tolerance value (TV) and heteroscedasticity using Breusch-Pagan test on the data obtained on the explanatory variables. The multicollinearity test results are presented in Table 4.4 and followed by an analysis of the multicollinearity and heteroscedasticity test results respectively.

Table 4.4Multicollinearity Test Using VIF and Tolerance Values

Variables	VIF	1/VIF
ENVR	3.99	0.250337
CMNTY	3.83	0.261097
HRES	3.31	0.302148
PDCUS	4.11	0.243338
FSIZE	2.46	0.406834
LEV	1.72	0.579925

Source: Extracted from Stata Output, 2016 (Appendix A6)

The results of the multicollinearity test as depicted from table 4.4 clearly indicate that VIF value and tolerance value for each explanatory variable is less than 10 and greater than 0.10 respectively, implying that the variables do not pose multicollinearity problem with one another, as rule of thumb (Gujarati & Porter, 2009). Similarly, the result of the heteroscedastiscity test conducted which the detailed result is presented in appendix (A4) indicates chi square value of 3.29 with a p-value of 0.0697 which is significant at 10% level. This is an indication of the presence of heteroscedastiscity. Consequently, a robustness test was carried out in order to address the problem which the result as presented in appendix (A5) indicates that the model is fit and thus reliable for analysis and drawing statistical inferences on the results.

Furthermore, this study subjected the model to Fixed and Random Effects regression in addition to OLS and other robustness tests to achieve a reliable result. The result shows the presence of Heteroskedasticity as indicated by the Breuch Pagan/Cook-Weisberg test for heteroskedasticity (Hettest) Chi2 of 3.29 with p-value of 0.0697. This proved that the assumption of constant variance of the error term (homocedasticity) has not been met, and as a result OLS estimators may not be best linear unbiased estimators (BLUE). This is corrected using robust Feasible Generalized Least Squares, after the results of random effect test, Breusch and Pagan Lagrangian Multiplier Test for Random Effects indicated that there is no statistical significant variance among the units in the panel (Chibar2 of 0.00 with p-value of 1.0000) implying that OLS technique is appropriate. On the other hand, the result indicated

the absence of the perfect Multicolinearity among the explanatory variables, as shown by the mean VIF of 3.24. The decision criterion for the Variance Inflation Factor is that a value of 10 and above implies the presence of perfect multicollinearity.

4.4 Analysis of Regression Results and Discussion of Findings

In view of the nature of the data, both fixed effect and random effect models were tested. Hausman specification test was then used to decide between the two results. The result from the Hausman fixed and random effect test revealed a Chi2 value of 5.30 with p-value of 0.5061 that is statisticallyin significant. This implies that the test considered the Random effect as the most appropriate estimator. The full results of the fixed and random effect as well as Hausman test are attached as appendix (IIE and IIF). Also Breusch and Pagan Lagrangian Multiplier test was conducted for the random effect in order to establish whether there is panel effect between the variables to warrant the use of Generalized Least Square or not, hence the use of Pooled Generalized Least Square. The test revealed that the data do not have heteroscedasticity problem, as the hettest revealed a Chi2 value of 3.29 with p-value of 0.0697, and Breusch and Pagan Lagragian Multiplier test for random effect revealed a Chi2 value of 0.00 with p-value of 1.0000 which is not statistically significant as per the result attached as appendix (1). In the absence of heteroscedasticity, Generalized Least Square model was adopted for the study.

Table 4.3 presents the summary of the regression results obtained from the model of the study while the full results are shown in appendix (2):

Table 4.5: GLS Estimators

Variables	Coefficient	T- Values	P- Values
CONSTANT	-20.876	-7.36	0.000
ENVR	-6.872	-2.61	0.611
CMNTY	1.837	0.51	0.000
HRES	-10.833	-3.76	0.000
PDCUS	16.933	4.74	0.000
LEV	1.591	10.25	0.000
FSIZE	114.412	7.36	0.000
R^2	0.2866		
F- Stat	158.53		
Prob.Chi^2			0.0000

Source: Stata Output 2017

Table 4.3 shows that the functional relationship between the dependent and independent variables is:

ROA= -20.876 – 6.872ENVR +1.837CMMTY - 10.833HRES + 016.993PDCU +1.591LEV+ 114.412FSIZE

Table 4.5 presents the parameter estimates of CSR practices of the deposit money banks in Nigeria. The table shows that ENVR has a significant negative effect on the financial performance (ROA) of deposit money banks in Nigeria, from the coefficient of -6.872 with t-value of -2.61, which is statistically significant at 1% level of significance (p-value of 0.009). This result suggests that, the higher the level of environmental responsibility by banks in Nigeria, the lower the financial performance of banks in Nigeria (that is, profitability reduces by 6.8%). The result suggested that the effect of environmental management by banks in

Nigeria is negative and the result is significant at 99% confidence level with respect to ROA. Based on this empirical evidence, the study rejects the null hypothesis one (H_{01}) which states that, environmental management has no significant effect on the financial performance of deposit money banks in Nigeria. This is consistent with the findings of Usman and Amran (2015) Fodio Abdissamad and Oba (2013) and contradicts the findings of Samy et al 2010; and Yao, Wang and Song (2011)

The results in Table 4.5 indicated community CSR has a positive effect on the financial performance (ROA) of deposit money banks in Nigeria, from the coefficient of 1.837 with t-value of 0.51, which is not statistically significant at all levels of significance (p-value of 0.611). This result suggests that, the higher the level of community responsibility by banks in Nigeria, the higher the financial performance of banks in Nigeria (that is, profitability increases by 1.8%), but is not statistically significant. The implication of this finding is that most investment on community development yields financial returns; the information disclosed by the firms may not accurately reflect the CSR activities performed in a specific year. The result provided a basis for failing to rejecting the second hypothesis, which states that community development has no significant effect on financial performance of listed deposit money banks in Nigeria. The finding is not consistent with the findings of Oba, (2009), Lee ,Seo and Sharma, (2013) who found a negative relationship between community development and financial performance, but consistent with the findings of Fodio, Abu-Abdissamad and Oba, (2013), Torres, Bilmolt, Tribo and Verhoer ,(2012) and Kabir and Thai, (2017) who found a positive significant relationship between community development and financial performance.

Similarly, the regression results in Table 4.5 indicated employee relations has a negative effect on the financial performance (ROA) of deposit money banks in Nigeria, from the coefficient of -10.833 with t-value of -3.76, which is statistically significant at 1% level of

significance (p-value of 0.000). This result indicates that, the higher the level of employee relation by banks in Nigeria, the lower the financial performance of banks in Nigeria (that is, profitability decreases by 10.8%). This implies that employee relations as one of the proxies of CSR does significantly affect the financial performance of listed deposit money banks in Nigeria. The results serves as a basis for rejecting the third hypothesis, which states that employee relations has no significant impact on the financial performance of listed deposit money banks in Nigeria. The finding contradicts the findings of Torres, Bilmolt, Tribo and Verhoer, (2012), Usman and Amran, (2015) and Ni et al (2015) who found no evidence of significant relationship between employee relations and financial performance. The result however is in line with the findings of Ngwakwe, (2009), Fodio, Abu-Abdissamad and Oba, (2013), and Abdulraman (2014), who found positive significant relationship between employee relation and firms' financial performance.

Furthermore, the coefficient for product and customer services of 16.933 shows a positive relationship with Return on asset. However, the p-value of 0.000 indicates that the relationship between product quality, customer service and return on assets is statistically significant at all significance level. This implies that the higher the level of quality product and customer services by banks in Nigeria, the higher the financial performance of banks in Nigeria (that is, profitability increases by 16.9%). This could be attributed to the ability of some of the deposit money banks to engage in CSR practices toward the customers by ensuring product quality and better customer services regularly during the period under

investigation. This result is in consonance with the stakeholder theory which asserts that customers as stakeholders of a firm are relevant and they affect the firm's financial performance. The result provides evidence of rejecting the fourth hypothesis that assumed product quality and customer service has no significant effect on the financial performance of listed deposit money banks in Nigeria. This is consistent with the finding of Scholten (2009)

and Usman and Amran, (2015) who found evidence of positive relationship between product quality and customer service and financial performance but contradicts the findings of Torres, Bilmolt, Tribo and Verhoer, (2012), who documented a negative relationship between product and customer service and financial performance.

The coefficient of 1.591for Leverage, a control variable implies a strong positive relationship with return on asset. Also, the p-value of 0.000 for leverage also shows that the relationship between the leverage and the return on assets of deposit money banksduring the period under consideration is significant at 1% level. This result suggests that when the composition of debt in capital structure is higher, financial performance increases by 1.5%. This means that the higher the leverage the higher the return on asset and the lower the leverage, the lower the return on asset of the companies.

Firm size is the second control variable and its results as evident from its coefficient of 114.412 and p-value of 0.000 depict that it has a positive and significant relation with the return on asset of deposit money banks in Nigeria, which is significant at 1% significance level. This suggests that the size of a firm will determined its level of engagement in CSR activities.

The combined and overall effect of the predictor variables on the explained variable showed that the model is adequate and free from misspecification. The Wald Chi^2 value of 158.53 with Prob. Chi^2 of 0.0000 which is significant at 1% level of significanceshows that the model is well fitted with the variables of the study. Furthermore, the coefficient of determination R^2which standsat 28.6% indicates the proportion of the total variation in dependent variable (return on assets) that is explained by the independent variables (environmental management, community development, employee relations, and product and customer service control by firm size and leverage).This signifies that 28.6% of the total

variation in financial performance of listed deposit money banks in Nigeria is caused by the combined effect of environmental management, community development, employee relations, and product and customer service; while the remaining 71% is caused by other factors outside the model of this study.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

In this study, the emphasis was given to the assessment of the "impact of corporate social responsibility practices on the financial performance of listed deposit money banks in Nigeria", using environmental management, community development, employee relations ,product and customer service,and return on asset as proxies for CSR practices and financial performance respectively. A total sample of fifteen deposit money banks listed on the Nigerian Stock Exchange were studied, and panel data was obtained from their annual reports and accounts for a period of 10 years from 2007-2016. The data was analysed using descriptive statistics and inferential statistics, that is, panel regression technique. The test of the formulated hypotheses of this study and the analysis of the data, led to the following major findings:

There is a strong negative and significant relationship between environmental managementand financial performance(return on asset) of listed deposit money banks in Nigeria. The relationship between community development and financial performance (return on asset) of listed deposit money banks in Nigeria is also positive and significant.

The results also show that there is a negative and significant relationship between employee relations and the financial performance (return on asset) of listed deposit money banks in Nigeria. The product quality and customer service a strong positive and significant relationship with the financial performance (return on asset) of listed deposit money banks in Nigeria

5.2 Conclusions

The following conclusions are drawn from the findings of the study:

The environmental management negatively and significantly influences the financial performance (return on asset) of listed deposit money banks in Nigeria, the banks that engage in high environmental management are likely to have low financial performance while those that engage in lowenvironmental management are likely to have higher financial performance.

Community development has positive relationship with return on asset but insignificantly affects the financial performance of listed deposit money banks in Nigeria. Signifying that the return on assets of the deposit money banks is insignificantly affected by CSR practices directed at community development. CSR practices directed at communities in form of developmental projects have no ripple effect on the triple bottom line.

The financial performance of the listed deposit money banks in Nigeria is negatively and significantly influenced by CSR activities to employee, implying that not all investment on employees yields better financial performance.

Product quality and customer satisfaction has a positive and significant impact on the financial performance of listed deposit money banks in Nigeria, suggesting that an increase in product quality and customer service causes an increase to their financial performance. while a decrease in Product quality and customer satisfaction leads to decrease in the financial performance of the banks.

5.3 Recommendations

In line with the conclusions of the study and for a continuous attainment of high financial performance through CSR practices of listed deposit money banks in Nigeria, the following recommendations are proffered:

i. The management of the companies should prudently explore the use of debt financing to be invested in viable projects that would boost the share value of the companies in the stock market.

ii. The result which indicates that the financial performance of the listed deposit money banks is insignificantly affected by community development could be attributed to the inability of some of the deposit money banks to disclose more of its engagement to community regularly during the period under consideration. Therefore, management of the listed deposit money banks in Nigeria should ensure a regular disclosure of their activities directed at community development.

iii. The study reveals that employee relation does not have any effect on the financial performance of the deposit money banks in Nigeria. We therefore, recommend that management of the deposit money banks should be concerned with the expectations of their employees, be socially responsible as well as engaging in more proactive employee relations through more training, better working conditions, motivational packages, better health and safety policies and compliance to ISO26000, which will bring about efficiency and effectiveness in achieving both their personal and corporate objective.

iv. The listed deposit money banks in Nigeria should improve on their product quality and customers service through providing qualitative and environmental friendly products, ensuring improve and organized customers' service which will build better and bigger brand names and improving their brand equity. Since product and customer CSR have a positive and significant effect on their financial performance.

5.4 Limitations of the Study

As it is the case with all studies, this study is associated with some limitations. The findings of this study are therefore to be considered in the light of the following limitations:

(i) The study used the entire population of listed deposit money banks in Nigeria to constitute the population of the study. But some banks failed to disclose some of the CSR practices in their annual reports during the period of the study. Therefore, the findings and recommendations of the study may not apply to the banks that did not disclose their CSR practices in full.

(ii) The study considered only four proxies CSR without considering other proxies. The result may be different if other variables were to be added.

(iii) The study is also faced with the constraint of a reliable measure of CSR which is adjusted for industry specific factors.

5.5 Areas for Further Research

The issues involved in this study area cannot altogether be covered by a single research, and hence, the need for further research. The following research areas are hereby recommended:

(i) The study covered only listed deposit money banks as a subsector of Nigerian financial industry for the period of seven years. Therefore, there is the need for a further research including other financial services institutions.

(ii) There is need to investigate the extent of the adoption and compliance to the international standard on social responsibility (ISO 26000) in Nigeria.

(iii) There is need to investigate whether there is a lag associated with the relationship between CSR and financial performance.

REFERENCES

Abdullahi, N. A.(2007).Social Responsibility and Corporate Governance in Nigeria'', a paper presented at an interactive session organized by the Kano/Jigawa District society of the chartered Nigeria institute of management NIM, July 7.

Abdulrahman S (2013). Influence of corporate social responsibility on profit after tax of some selected deposit money banks in Nigeria.Educ. *Res. 4(10):722-732*

Abdulrahman, S (2014). The influence of corporate social responsibility on total assets of quotedconglomerates in Nigeria.*Journal of Business Administration and Management Sciences Research 3(1), 012-021.*

Achua, J.K & Terungwa, (2011). CorporateSocial Responsibility in Nigerian Banking Sector; A Case for financing SMEs. *Journal Publication of the Department of Accounting, BayeroUniversity, Kano.*

Adebayo, O., Oluwatoyosi, O.T., Elizabeth, O.M. (2012). "Corporate Social Responsibility Reporting and Financial Performance of Money Deposit banks in Nigeria. Prime J. Bus. Admin. Manage. (BAM), 2(11): 758-769.

Aguilera,R.,Rupp,D.,Williams,C.and Ganapath,J.(2007). putting the S back in corporate social resposibility: a multivlevel theory of social change in organisations. *Academy of Management Review, 32* (3), 836-863.

Ajide, F. M & Aderemi, A.A (2014). Effect of corporate social responsibility activity disclosure on corporate performance: empirical evidence from Nigerian commercial banks. *IOSR Journal of Economics and Finance,2(6), 17-25*

Akanbi, P.A & Ofoegbu,O.E. (2012). Impact of corporate social responsibility on bank Performance in Nigeria. *Journal of US-China Public Administration,9(4), 374-383.*

Alexander, G.J & Buccholz , R. A, (1978). "Corporate social Responsibility and stock Market performance"; *Academy of Management Journal, 21(3): 479 - 486*

Aliabadi,S., Dorestani, A., & Balsara, N. (2013). The most value relevant accounting performance measure by industry. *Journal of Accounting and Finance 13(1): 22-33*

Al-Tamini, H.A.H (2014). Corporate social responsibility practices of UAE banks. *Global Journal of Business* Research, *8(3).*

Amaeshi, M.K; Adi, C.B; Ogbechie, C. and Amao, O.O. (2006): "Corporate Social responsibility in Nigeria: Western Mimicry or indigenous influences? *The Journal of Corporate Citizenship,* vol. 24.

Amelia, M. R. (2012). Effect of firm characteristics, financial performance and environmental performance on corporate social responsibility disclosure intensity on manufacturing firm listed in the Indonesia Stock Exchange. *Faculty of Economy, Gunadarma University.*

Amole, Adebiyi & Awolaja (2012), the impact of corporate social responsibility on the profitability of Nigerian banks,

Ashraf, M., Khan, B., Tarig, M. (2017). Corporate social responsibility impact on financial performance of banks: evidence from Asian countries. *International Journal of Academic Research in Business and Social sciences, 7(4).*

Asongu, J. J. (2007). Innovation as an argument for corporate social responsibility. *Journal of Business and Public Policy,* Retrieved 24 February, 2010.

Babalola(2012). Corporate social responsibility in the Nigerian banking sector. *Academyof Management Journal, 27(1), 42-56.*

Baghat, S& Bolton, B. (2008). Corporate governance and firm performance. *Journal of Corporate Finance, 14; 257-273.*

Barbosa, N.&Louri, H. (2005). Corporate performance: Does ownership matter? A comparison of foreign and domestic owned firms in Greece and Portugal.*Review of Industrial Organization, 27(1);73-102.*

Barnett, M.L. and Salomon, R.M. (2006), "Beyond dichotomy: the curvilinear relationship between social responsibility and financial performance", Strategic Management Journal, Vol.27 No. 11,pp. 1101-1122.

Bello M.M, (2012), Corporate Social Responsibility Disclosure and Financial Performance of Quoted Firms in Downstream Sector of the Nigerian Petroleum Industry. *Journal of Researches on Contemporary Accounting Issues Edited by Kabiru Isa Dandago and Junaidu Mohammed Kurawa. ISBN; 978-987-922-678-1*

Bolanle & Olanrewaju D A (2012): An assessment of the impact of corporate social responsibility on Nigerian society: The examples of banking and communication industries. *Universal Journal of Marketing and Business Research Vol. 1(1) pp. 017-043, May, 2012*

Boubakary, D. D. M, (2016). The influence of the implementation of CSR on business strategy: An empirical approach based on Cameroonian enterprises.*Arab Economic and Business Journal 11, 162-171.*

Bowen, H.R. (1953), Social responsibilities of the Businessman, *Harper & Brothers Publishers, New York, NY.*

Brammer, S., Brocks, C. &Pavelin, S. (2006). Corporate social performance and stock return: UK evidence from disaggregate measures. *Financial Management, 35(3); 97-116.*

Branco, M.C. & Rodrigues, L.L., (2006). Factors influencing social responsibility disclosure by Portuguese companies. *Journal of Business Ethics, 83: 685-701.*

Brine, M; Brown, R. and Hackett, G. (2006): "Corporate social responsibility and financial performance in the Australia context". *Corporations and Financial Services Division, Australian Treasury.*

Campbell, J.L. (2007). Why would corporations behave in socially responsible ways? An institutional theory of corporate social responsibility. *Academy of Management Review,32, 946-967.*

Cannon, T. (1994). Corporate social Responsibility: A textbook on business Ethics, Governance, Environment.

Carroll, A.B. (1999): "Corporate Social Responsibility: Evolution of a Definitional construct". Business and society. (38)3:268 -96.

Chakraborty, I., (2010). Capital structure in an emerging stock market: The case of India, Research in International Business and Finance, 24: 295-314.

Chapple, W., & Moon, J. (2005). Corporate social responsibility inAsia: A seven country study of CSR website reporting.Businessand Society, 44, 415–441.

Cho, H, and V. Pucik (2005): "Relationship between innovativeness, Quality, Growth, Profitability and market value". *Strategic management journal*, 26(6), 555-75.

Clarkson, M.B.E (1995): "A stakeholder framework for analyzing and evaluating corporate social performance". *Academy of Management Review 20: 92-117.*

Cochran, P. L. & Wood, R. A. (1984). Corporate social Responsibility and Financial

Cormier, D& Gordon, I.M (2001) An examination of social & environmental reporting strategies', Accounting, Auditing & Accountability Journal 14 (5), 587-617.

Dandago, K .I, & Muhammad, L. M,(2011). Corporate Social Responsibility in kano Nigeria; A Banking industry Perspective.*Published by the department of accounting Bayero University, Kano.*

David, O. (2012), An assessment of the impact of corporate social responsibility on Nigerian society; the example of banking and communication industries'', *Universal journal of Marketing and Business Research, vol. 1(1);17-43*

Davis, K (1960): "Can Business Afford to Ignore social Responsibilities? *Issues in Business and society: Reedings and cases Houghton Mifflin Company, Boston.428-436.*

De Regil, A.J. (2003).' Corporate Social ResponsibilityStill an infant Discipline'. The Jus Semper Global Alliance Issue Brief.

Decker, O.S. (2004). Corporate social responsibility and structural changein financial services. Managerial Auditing Journal, 19, 712-728

Dhingra, D. & Mittal, R. (2014); Corporate social responsibility practices in the Indian banking sector. Global Journal of Finance and Management, 6(9) 853-862.

DiGiuli. A & Kostovetsky. L (2013) Are red or blue companies more likely to go green? Politics and corporate social responsibility. *Journal of Financial Economics, 2(2),1-12.*

Djalilov, K, Vasylieva, T., Lyeonou, S, & Lasukova, M (2015);Corporate social responsibility and bank performance in Transition countries. *Corporate Ownership and control Autumn, 13(1).*

El Ghoul S, Guedhami O, Kwok C. C. Y & Mishra D (2012). Does corporate social responsibility affect the cost of capital? *Journal of Economics and Sustainable Development 3(4), 2-12.*

El Mosaid, F. & Boutti, R. (2012).Relationship between corporate social responsibility and financial performance in Islamic banking. *Research Journal of Finance and Accounting 3(10),93-103.*

Eweje, G. (2006): Multinational oil companies CSR initiatives in Nigeria; the sceptism of stakeholders in host communities'', *Managerial Law, 49(5);218-235.*

Fan, L. & Moore, A. (2016): Corporate social responsibility and financial performance in the Scandinavia. A thesis summited to the University of Gothenburg School of Business, Economics and Law.

Fauzi, H (2009). Corporate social responsibilities and financial performance: Empirical evidence from American companies. *GMJ, 3.*

Ferauge, P. (2013). The complementary of corporate social responsibility and innovation: Evidence from Belgian firms. *Global Journal of Business Research, 7,99–113.*

Fodio, M.I, Abu-Abdissamad, A. M, and Oba, V.C (2013): Corporate social responsibility and firm value of Quoted Nigerian financial services. *International journal of Accounting 2(7):331-340*

Freeman, R.E. (1984).'Strategic Management; A Stakeholder Perspective, Englewood Cliffs. Prentice Hall U.S.A

Friedman, M. (1970): "The Strategic Responsibility of Business is to increase profits". *New York Time Magazine*, Sept. 13, 1970.

Galbreath, J. (2009), 'Building corporate social responsibility into strategy', *European Business Review, 21(2), 109- 12* .

Gilbert, V. E. (2008). An insight into corporate social responsibility in Kenya;*MA Thesis University of Nottingham.*

Global Reporting Initiative (GRI) 2002, 'Sustainability Reporting Guidelines', GRI, London.

Goukasian, L. & Whitney, K.L., (2008), "Corporate Socially Responsible Firms Perform Well! Evidence from Financial and Operating Performances", Working Paper Series.

Greening, D. W, & Turban, D. B, (2000). "Corporate social performance and organizational attractiveness to prospective employee. Academy of Management Journal, 40(3), 658-672.

Gujarati, D. (1999): Essentials of Economics, 2nd Edition, McGraw-Hill Banks, USA.

Gunu, U (2008). The influence of corporate social responsibility on the performance of Banks: A case study of Zenith Bank Plc. *Journal of Faculty of Management Sciences, 2.*

Guthrie, J, Cuganesan, S. & Ward, L, (2007). Extended Performance Reporting: Evaluating Corporate Social Responsibility And Intellectual Capital Management. *Issues in Social and Environmental Accounting 1(1),1-25.*

Hartone, J (2004), 'The decency effect of accounting information', *Gadjah Mada International Journal of Business, 6 (1)*

Hillman, A; and Keim, G. (2001): Shareholder value, stakeholder management, and social issues: what's the bottom line. *Strategic management journal* ,22.

Hopkins, M. (2004): Corporate social Responsibility: An issues paper". Working paper No.27 Policy IntegrationDepartment. World Commission on the social Dimension of Globalization, ILO Geneva.

Hull, C. E. & Rothenberg, S. (2008). Firm performance, the interactions of corporate social performance with innovation and industry differentiation.*Strategic Management Journal, 29(7) 781-789.*

Johnson,Scholes,Whittington & Frery (2008) Exploring Coporate Strategy, 8th Edition, Pearson.

Johnson, R. A., & Greening, D. W. (1999). The effect of corporategovernance and institutional ownership types on corporate socialperformance.*Academy of Management Journal, 42, 564–576.*

Kabir, R &Thai, M. H, (2017). Does corporate governance shape the relationship between corporate social responsibility and financial performance? *Pacific Accounting Review 29 (2).*

Kajola, A.& Sunday, M (2008). Corporate governance and firm performance: The case of Nigerian listed firms. *European Journal of Economics, Finance and Administrative Sciences, 2(3); 1-13.*

Keffas, G. & Olulu, B. (2011). Corporate social responsibility: How does it affect the financial performance of banks? Empirical evidence from US, UK and Japan.*Journal of Management and Corporate Governance, 3, 8-26.*

Kesto, D.A (2017).Impact ofcorporate social responsibility practices on financial performance of banking sector in Ethopia. *Global Journal of Management and Business Research, Accounting and Auditing, 17(1).*

Lee, S. Seo, K & Sharma, A , (2013). Corporate social responsibility and financial performance in the U.S airline industry, the moderating role of oil prices. Journal of Tourism management 38;20-30.

Lee, S., Shingal, M. & Kang, K-H (2013). The CSR and financial performance link in the U.S restaurant industry. Do economic conditions matter? *International journal of Hospitality management 32; 2-10.*

Lemon, K. N, Roberts, H. J.Raghubir ,P.&Winer, S.R. (2011).Measuring the effect of Corporate social responsibility; a stakeholder approach. *The conference board 3(7).*

Linton, C (2015). International marketing ; theory and practice from developing countries. *Journal of Business and Economics 23(1),123-145*

Luper, L (2013), corporate social responsibility in Nigerian Banks. *Journal of Business and Economics*

Lys, T., Naughton, J. P& Wang, C. (2015), Signaling through corporate social accountability report. *Journal of Accounting and Economics, 50(1)56-72.*

Mamman, S (2011): Corporate social responsibility disclosure and financial performance: *Nigeria Accounting Journal, 2.*

Mamman, S. (2004): disclosure of Corporate Social responsibility Performance in Accounting Report: *Nigeria Journal of Accounting Research, vol. 1*.

Mann, R. & Singh, K. (2015). Corporate social responsibility and financial performance: a study of Indian Banking sector

Margolis, J .D. & J. P. Walsh, (2003). Misery loves banks: Rethinking social initiatives by business. *Administrative Science Quarterly, 38(3), 268-305.*

McGuire, J; A. Sundgran, and T. Schreeweis, (1988): "Corporate social responsibility and firm financial performance". *Academy of management journal*. 31, 854-872.

McWilliams A; and D. Siegel (2001): "Corporate social responsibility: A theory of the firm perspective". *Academy of management journal* 17,335-351.

Meijer, M.M. and Schuyt, T., (2005), Corporate social performance as a bottom line for Consumers'.Business and Society.

Menassa, E .(2010),"Corporate social responsibility; an exploratory study of the quality and the extent of social disclosures by Lebanese commercial banks" *journal of Applied Accounting Research, vol.11 (1) pp. 4-23.*

Mirza, S. A. & Javed, A. (2013).Determinants of financial performance of a firm: Case of Pakistan Stock Market. *Journal of Economics and International Finance, 5(2); 43-52.*

Mobin.F, Zillur.R, &Imran. K. (2014). Multi-item stakeholders Based scale to Measure CSR in the Banking industry. *international Strategic manament Review, 2*, 9-30.

Nejati , M & Ghasemi S (2012)Corporate Social responsibility Opportunities, Drivers and Barriers. International Journal of Entrepreneurial Knowledge

Nelling, E .and E. Webb (2006): Corporate Social Responsibility and Financial Performance TheVirtuous Circle Revisited'. Working Paper, Drexel University and Federal Reserve Bank of Philadelphia

Ngwakwe, C. C. (2008). Environmental Responsibility and Firm performance: Evidence from Nigeria. *International Journal of social, Behavioral, Educational, Economic, Business and Industrial Engineering 2(10).*

Ni, N., Egri, C., Lo, C., Lin, C. Y-Y,(2015). Patterns of corporate responsible practices for high financial performance; Evidence from three Chinese society. Journal of Business ethics 126; 169-183.

Oba V.C. (2009); 'The impact of corporate social responsibility on market value of quotedconglomerates in Nigeria, Unpublished M.Sc. Thesis Accounting Department, Ahmadu Bello University, Zaria.

Oba, V.C; Fodio, M.I. & Soje, B. (2012). Value Relevance of Environmental Responsibility Information Disclosure in Nigeria. Acta Universitatis Danubius Economica, 8(6) ;100-113.

Olayinka,M. U. &Temitope,O. F. (2012). Corporate Social Responsibility and Financial Performance in Developing Economies: The Nigerian experience. *New Orleans, New Orleans International Academic Conference, 815-824.*

Osemene, O. F. (2012). Corporate social responsibility practices in mobile telecommunication industry in Nigeria. *European Journal of Business and Management, 4(8): 149-150.*

Peng,C-W & Yang, M-L (2013).The Effect of Corporate Social Performance on FinancialPerformance: The Moderating Effect of OwnershipConcentration. *Journal of Business Ethics,123; 171-182.*

Perez, A., Garcia de losSalmones, M.M., & Rodriguez del Bosque, I.(2013). The effect of corporate association on consumer behavior.*European Journal of Marketing, 47, 218-238.*

Poolthong, Y., &Mandhachitara, R. (2009). Consumer expectations of CSR, perceived service quality and brand effect in Thai retail banking. *International Journal of Bank Marketing, 27, 408 427.*

Prior, F., & Argandona, A (2008). Best practices in credit accessibility and corporate social responsibility in financial institutions, Journal of Business Ethics, 87, 251-65.

Roberts, R.W (1992), 'Determinant of corporate social responsibility disclosure: an application of stakeholder theory', Accounting Companies and Society, 17(6), 595-612.

Roja,& Sherina, (2015), Role of Corporate Social Responsibility in Community (March 21, 2015). Available at SSRN:https://ssrn.com/abstract=2583171 or http://dx.doi.org/ 10.2139/ssrn.2583171

Rust, R., Lemon, K; & Zeithaml, V. A (2004). Return on Marketing Using Customer Equity to Focus Marketing Strategy. Journal of Marketing, 68 (1), 109-124.

Sakunasingha, B 2006, 'An empirical study into factors influencing the use of value-based management tools', DBA thesis, Southern Cross University, Lismore, NSW

Sanda, A. Mikailu, A.S. &Garba T. (2005); 'Corporate governance mechanisms and firms financial performance in Nigeria'. AERC Research Paper 149, African Economic Research Consortium, Nairobi

Scholten, B (2009). Corporate Social Responsibility in the international banking industry. *Journal of Business Ethics 86;159-175 DOI10.1007/s10551-008-9841-x*

Simen, S. F& Ndao, A.(2013)'effet de la mise en place d'une stratégie de Responsabilité Sociale de l'entreprise sur la culture organisationnelle: Analyse, implications et enjeux pour le SénégalRevue Congolaise de Gestion, 17 (2013), pp. 131-170

Skundiene, V. &Auruskeviciene, V. (2012), ''The contribution of corporate social responsibility to internal employee motivation''. *Baltic journal of Management, 7(1)49-67*

Thompson, P., &Cowton, C. (2004). Bringing the environment into banklending: implications for environmental reporting, The British Accounting Review, 36, 197-218.

Tilt, C.A. (2009), 'Corporate Reponsibility, Accounting and Accountant' Flinders Business School, Flinders University, Adelaide, Austrial.

Torres, A. Bijmolt, T.H.A, Tribo, J.A, &Verhoer P.(2012). Generating global brand equity through corporate social responsibility to key stake holders.*international journal of research in marketing (4),13-24.*

Tsoutsoura,M. (2004).Corporate Social Responsibility and Financial Performance. *Applied Financial Project Haas School of Business, University of California, Berkely*.

Uadiale, O.M. & Fagbemi,T.O. (2011) "Corporate social responsibility and financial performance in developing economies: The Nigerian experience". *New Orleans International Academic Conference.*

Ullman, A. H. (1985). Data in search of a Theory: A critical Examination of the Relationship among Social Performance, Social Disclosure and Economic performance of US firms. Academy of Management Review, 10(3), 540-557.

Usman, A.B, &Amran, N.A.B. (2015). 'Corporate Social Responsibility Practice and Corporate Financial Performance ; Evidence from Nigeria Companies'. *Social ResponsibilityJournal, Vol 11 (4). Pp 749-763. DOI 10.1108/SRJ-04-2014-0050*

Uwalomwa, U, Olubukunola & Anijesushola (2011). 'An Empirical Investigation of the Association between Firms' Characteristics and Corporate Social Disclosures in the Nigerian Financial Sector. *Journal of Sustainable Development in Africa, 13(1), 1520-5509.*

Waddock, S.A. & Graves, S. M (1997) 'The Corporate Social Performance and Financial Performance Link. *Strategic Management Journal, 18(4), 303–319.*

Wartick, S.L. & Cochran, P.L (1985). The evolution of the corporate social performance model, *Academy of Management Review, 10, 758-769.*

Wood, D.J. & Jones, R.E., 2005, "Stakeholder mismatching: a theoretical problem in empirical research on corporate social performance", *The International Journal of Organizational Analysis* 3(3), 229-267.

Xueming, I. & Bhattacharya, C. B (2006). Corporate Social Responsibility, Customer Satisfaction and Market Value. *Journal of Marketing, 70, 1-18.*

Appendix

Composite CSR disclosure Items

Environmental Management

1 Environmental investment policy
2 Environmental Partnerships
3 Environmental Educations
4 ISO compliance
5 waste disposal
6 Papers Recycling
7 Environmental risk management in lending

Staff Strategy Items

8 Staff training
9 Staff career development
10 Staff diversity
11 Staff protection (EEO, safety and security)
12 Compliance with labor standards
13 Employees' ownership
14 Staff communication
15 General staff appointment policy
16 Executive appointment policy
17 Major appointments for the year
18 Appointment of disables
19 Discussion of employees' welfare
20 Monitoring of staff and employees work relation policy
21 Implement of employees mission statement

Community Development Items

22Support for water supplies
23Support for education
24Combating corruption
25provision for disable people
26Sponsoring of sports and arts
27 Staff Volunteer programs
28Donations to charity
29 Women Empowerment
30 Community sponsorships (financial support)

Customer and Product Items

31 Statement of internal control
32 Value added statement
33 Product safety statements
34 Improvement in product quality
35 Improvement in customer service
36 Policy on customers' privacy
37 Customer award /ratings received

Adapted from Lanis and Richardson (2011) with modifications.

```
. pwcorr  roa mps envr cmnty hres pdcus lev fsize, star (0.05) sig
```

	roa	mps	envr	cmnty	hres	pdcus	lev
roa	1.0000						
mps	0.2538*	1.0000					
	0.0017						
envr	0.1495	-0.0562	1.0000				
	0.0679	0.4942					
cmnty	-0.0432	0.2534*	-0.7707*	1.0000			
	0.5997	0.0018	0.0000				
hres	-0.1051	0.2237*	-0.7631*	0.7423*	1.0000		
	0.2004	0.0059	0.0000	0.0000			
pdcus	-0.0395	0.2231*	-0.7341*	0.8209*	0.7858*	1.0000	
	0.6316	0.0061	0.0000	0.0000	0.0000		
lev	0.4943*	0.1263	0.2113*	-0.1120	-0.1376	-0.1094	1.0000
	0.0000	0.1234	0.0094	0.1726	0.0932	0.1826	
fsize	-0.0625	0.1416	0.5499*	-0.4878*	-0.4480*	-0.5206*	-0.3906*
	0.4471	0.0839	0.0000	0.0000	0.0000	0.0000	0.0000

	fsize
fsize	1.0000

```
. reg roa envr cmnty hres pdcus lev fsize
```

Source	SS	df	MS		
Model	533.605554	6	88.934259	Number of obs =	150
Residual	1328.46961	143	9.28999725	F(6, 143) =	9.57
				Prob > F =	0.0000
Total	1862.07516	149	12.4971487	R-squared =	0.2866
				Adj R-squared =	0.2566
				Root MSE =	3.0479

roa	Coef.	Std. Err.	t	P>|t|	[95% Conf.	Interval]
envr	-2.084177	8.493654	-0.25	0.807	-18.87352	14.70516
cmnty	5.787758	10.31614	0.56	0.576	-14.60408	26.1796
hres	-8.788241	9.519758	-0.92	0.357	-27.60587	10.02939
pdcus	14.68461	11.96276	1.23	0.222	-8.962083	38.3313
lev	1.508376	.2254234	6.69	0.000	1.062783	1.953969
fsize	99.47448	40.04337	2.48	0.014	20.32108	178.6279
_cons	-17.93158	7.641993	-2.35	0.020	-33.03744	-2.825708

```
. hettest

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity
         Ho: Constant variance
         Variables: fitted values of roa

         chi2(1)      =     3.29
         Prob > chi2  =   0.0697


. vif

    Variable |       VIF       1/VIF
-------------+----------------------
        pdcus |      4.11    0.243338
         envr |      3.99    0.250337
        cmnty |      3.83    0.261097
         hres |      3.31    0.302148
        fsize |      2.46    0.406834
          lev |      1.72    0.579925
-------------+----------------------
    Mean VIF |      3.24

. xtreg roa envr cmnty hres pdcus lev fsize, fe

Fixed-effects (within) regression               Number of obs      =       150
Group variable: id                              Number of groups   =        15

R-sq:  within  = 0.1872                         Obs per group: min =        10
       between = 0.5161                                        avg =      10.0
       overall = 0.2543                                        max =        10

                                                F(6,129)           =      4.95
corr(u_i, Xb)  = 0.0197                         Prob > F           =    0.0001

------------------------------------------------------------------------------
         roa |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
        envr |    1.491397   11.08217     0.13   0.893    -20.43495    23.41774
       cmnty |    8.967637   13.25982     0.68   0.500    -17.26723    35.20251
        hres |   -14.35501   13.54732    -1.06   0.291    -41.15872     12.4487
       pdcus |     9.81274   13.85841     0.71   0.480    -17.60645    37.23193
         lev |    1.170469   .2821987     4.15   0.000      .612132    1.728806
       fsize |    6.277299   69.87262     0.09   0.929    -131.9674     144.522
       _cons |   -.0951105   13.24418    -0.01   0.994    -26.29905    26.10882
-------------+----------------------------------------------------------------
     sigma_u |   1.1471471
     sigma_e |   3.0554619
         rho |   .12354225   (fraction of variance due to u_i)
------------------------------------------------------------------------------
F test that all u_i=0:     F(14, 129) =     0.95                 Prob > F = 0.5082

. est store fixed
```

```
. xtreg roa envr cmnty hres pdcus lev fsize, re

Random-effects GLS regression                   Number of obs      =       150
Group variable: id                              Number of groups   =        15

R-sq:  within  = 0.1776                         Obs per group: min =        10
       between = 0.7539                                        avg =      10.0
       overall = 0.2866                                        max =        10

                                                Wald chi2(6)       =     57.44
corr(u_i, X)   = 0 (assumed)                    Prob > chi2        =    0.0000

------------------------------------------------------------------------------
         roa |      Coef.   Std. Err.      z    P>|z|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
        envr |  -2.084177   8.493654    -0.25   0.806    -18.73143    14.56308
       cmnty |   5.787758   10.31614     0.56   0.575    -14.43151    26.00703
        hres |  -8.788241   9.519758    -0.92   0.356    -27.44662    9.870142
       pdcus |   14.68461   11.96276     1.23   0.220    -8.761967    38.13119
         lev |   1.508376   .2254234     6.69   0.000     1.066554    1.950198
       fsize |   99.47448   40.04337     2.48   0.013     20.99093     177.958
       _cons |  -17.93158   7.641993    -2.35   0.019    -32.90961   -2.953544
-------------+----------------------------------------------------------------
     sigma_u |          0
     sigma_e |  3.0554619
         rho |          0   (fraction of variance due to u_i)
------------------------------------------------------------------------------

. est store random

. hausman fixed random

                 ---- Coefficients ----
             |      (b)          (B)            (b-B)     sqrt(diag(V_b-V_B))
             |    fixed        random       Difference          S.E.
-------------+----------------------------------------------------------------
        envr |   1.491397    -2.084177        3.575574        7.118452
       cmnty |   8.967637     5.787758         3.17988        8.330662
        hres |  -14.35501    -8.788241        -5.566772         9.63868
       pdcus |    9.81274     14.68461        -4.871871        6.996268
         lev |   1.170469     1.508376        -.3379071        .1697656
       fsize |   6.277299     99.47448        -93.19719        57.26004
------------------------------------------------------------------------------
                           b = consistent under Ho and Ha; obtained from xtreg
            B = inconsistent under Ha, efficient under Ho; obtained from xtreg

    Test:  Ho:  difference in coefficients not systematic

                  chi2(6) = (b-B)'[(V_b-V_B)^(-1)](b-B)
                          =          5.30
                Prob>chi2 =        0.5061

. xttest0

Breusch and Pagan Lagrangian multiplier test for random effects

        roa[id,t] = Xb + u[id] + e[id,t]

        Estimated results:
                     |       Var     sd = sqrt(Var)
             ---------+-----------------------------
                 roa |    12.49715        3.535131
                   e |    9.335847        3.055462
                   u |           0               0

        Test:   Var(u) = 0
                             chibar2(01) =      0.00
                          Prob > chibar2 =    1.0000
```

```
. xtgls roa envr cmnty hres pdcus lev fsize, p(c)

Cross-sectional time-series FGLS regression

Coefficients:  generalized least squares
Panels:        heteroskedastic with cross-sectional correlation
Correlation:   no autocorrelation

Estimated covariances      =       120          Number of obs      =       150
Estimated autocorrelations =         0          Number of groups   =        15
Estimated coefficients     =         7          Time periods       =        10
                                                Wald chi2(6)       =    158.53
                                                Prob > chi2        =    0.0000
```

roa	Coef.	Std. Err.	z	P>|z|	[95% Conf.	Interval]
envr	-6.871521	2.635431	-2.61	0.009	-12.03687	-1.70617
cmnty	1.837334	3.611053	0.51	0.611	-5.240201	8.914868
hres	-10.83346	2.878587	-3.76	0.000	-16.47538	-5.19153
pdcus	16.93311	3.57153	4.74	0.000	9.933036	23.93318
lev	1.590745	.1551974	10.25	0.000	1.286563	1.894926
fsize	114.4117	15.53862	7.36	0.000	83.95654	144.8668
_cons	-20.87646	2.835683	-7.36	0.000	-26.4343	-15.31862