FIRM ATTRIBUTES, BOARD CHARACTERISTICS AND CORPORATE SOCIAL RESPONSIBILITY OF LISTED DEPOSIT MONEY BANKS IN NIGERIA

BY

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

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DECLARATION

I hereby declare that the dissertation titled "FIRM ATTRIBUTES, BOARD CHARACTERISTICS AND CORPORATE SOCIAL RESPONSIBILITY OF LISTED DEPOSIT MONEY BANKS IN NIGERIA" has been done by me under the supervision of Dr. Salisu Abubakar and Dr. Aminu Kano of the Department of Accounting Ahmadu Bello University Zaria. The information gathered from literature has been duly acknowledged in the text and a list of references provided. No part of this dissertation was presented elsewhere for award of any certificate. I take sole responsibility of all errors therein.

Abdulazeez ABUBAKAR

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M.sc/admin/21678/2012-2013	**SIGNATURE**	**DATE**

CERTIFICATION

This is to certify that the dissertation titled "FIRM ATTRIBUTES, BOARD CHARACTERISTICS AND CORPORATE SOCIAL RESPONSIBILITY OF LISTED DEPOSIT MONEY BANKS IN NIGERIA" by Abdulazeez ABUBAKAR (M.sc/admin/21678/2012-2013) meets the regulations governing the award of the degree of Masters of Science (M.sc) in Accounting and Finance in Ahmadu Bello University, Zaria and is approved for its contribution to knowledge and literary presentation.

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Head of Department **Signature** **Date**

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Dean, Postgraduate School **Signature** **Date**

DEDICATION

This dissertation is dedicated to my father, Late Mal. A. A. Yusuf, my late sisters Zainab A. Yusuf, Khadija A. Yusuf and Sa'adatu A. Yusuf and others (may Allah have mercy on their souls and make Jannatul Firdaus their final aboard, Ameen).

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Abstract

Corporate social responsibility by business organizations is a key business success factor and a weapon to survive in the global competitive business environment. Prior CSR researches have forwarded inconclusive/ mixed results regarding the theoretical relationship between firm attributes, board characteristics and CSR, in addition to their weakness of neglecting the influence of governance mechanisms in ascertaining the level of firm's CSR investment. Therefore; this study examined the relationship between firm attributes, board characteristics and corporate social responsibility. In trying to achieve this, panel data were extracted and used from the Annual Reports and Accounts of thirteen (13) sampled banks out of sixteen (16) listed deposit money banks in the Nigerian Stock Exchange for a period of eight (8) years (2006-2013) which was arrived using convenience sampling technique. Both historical and descriptive methods were adopted in collecting data, while the Generalized Least Squares (GLS) multiple regression was employed as technique of data analysis. The study found that firm profitability has insignificant positive impact on the corporate social responsibility of listed deposit money banks in Nigeria. The study also found that firm size, Independent Directors and Female Directors have significant positive influence on the corporate social responsibility of listed deposit money banks in Nigeria, while Liquidity was found to have significant negative effect on the corporate social responsibility of listed deposit money banks in Nigeria. In view of the results found, it is therefore recommended that the management of listed deposit money banks in Nigeria should expand their size by acquiring more assets, operate at optimum liquidity level by regulating their deposit – liquidity - loan relationship, maintain proportions of at least thirty to seventy of board independence and if possible ensure gender equilibrium while determining female directors representation on the board as this will increase their investment in corporate social responsibility.

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1.1 Background to the Study

Corporate Social Responsibility (CSR) has been one of the contemporary issues that are gathering momentum in both developed and emerging countries around the world. Empirical works revealed that CSR has received considerable attention and undergone a remarkable growth particularly in developed nations. In recent time the global competitive business environment has created additional challenges for businesses due to growing global public awareness concerning the role of corporations in society. As the global economy becomes more integrated, firms are increasingly facing more and more public pressure, and demanding increased participation in CSR activities. CSR has therefore become recognized by business organizations globally as a key to business success and a weapon to survive in the global competitive business environment.

Empirical evidence shows that, over the years, firms have identified the economic relevance of CSR practice and made it part of their corporate agenda due to the enormous and sustainable benefits it entailed and advantages it accrued to them. Their experience was in line with global empirical evidence; that CSR has significant positive impact on a firm's performance. CSR has suggested the social, ethical and legal inclusion of stakeholders in corporate decision making and their treatment in a more ethically, socially and responsible ways. CSR issue has received more of global business and academic attention compared to other contemporary issues. Hence, it has become a growing body of knowledge in recent time.

CSR simply means a construct that suggested the formal extension of company's responsibilities to diverse stakeholders' groups, their formal inclusion in the corporate decision making process, and their treatment in a more ethical and social ways, in addition to the conventional economic responsibilities owed to its primary stakeholders (shareholders).

The concept has been a growing field of interest by sociologies, economists and accountants since the 70s. The accounting struggle was to ensure that all social costs are adequately identified, measured and disclosed in the corporate periodic financial reports. Stakeholders are challenging firms to account for the level of their involvement in CSR (Tsoutsoura 2004). CSR issue has therefore maintained its momentum continuously not only in developed economies but also in developing and underdeveloped ones.

Firm attributes and board characteristics such as Profitability, Size, Liquidity, Independent Directors and Female Directors of a firm are often considered as key characteristics that influence firm CSR investment, disclosure and practice in many previous studies. Generally speaking, for firms' decisions to conveniently respond to any internal or external investments, they must commence with their ability to make profits either huge or low. Therefore, it is rational to consider the level of profitability as one of the most important attributes that may influence firms' CSR decisions. All other things being equal, a firm with relatively higher profits figure may tend to invest out a significant portion of its profits in CSR.

Similarly, the size of the reporting firm should have either a significant positive or negative impact on the extent to which it engages CSR practice and disclosure. Thus, it is expected that a large firm management would like to practice and disclose more of its CSR issue because it correlates with their internal and external activities and is a source of good news and a wellspring of innovation, competitive advantage, value creation and superior economic performance. Based on this, Abu Sufian (2012) stated in his work that, over the past few decades, there has been quantum of arguments, controversies and debates in the literature as to whether any increase or decrease in a firm's total assets can directly translate into its CSR involvement.

Liquidity on the other hand explains the strength of a firm to meet its financial obligations in a timely and effective manner. Samad (2004) posited that liquidity is seen as blood or breath in the life of a commercial bank and that the level of banks engagement in CSR and other related activities is determined to a greater extent by the banks' liquidity position. Firm financial stability is usually influenced by its profitability-liquidity nexus. This means that decrease in liquidity is associated with an increase in profitability and any increase in profitability leads to an increase in CSR (Mabwe & Robert, 2010). Since low liquidity means larger investment in assets and total deposit are tied to loans, then under normal circumstances banks and other organizations' CSR involvement will depend heavily on their liquidity position.

Reasons were advanced by several researchers that corporate board members particularly the independent directors used to show much concern that focused more on social actions as remedial response to external environment shock Kassinis & Vafeas, 2002. This enabled directors on corporate board to play an important role in developing appropriate economic and social strategic measures that are helpful to the organization they govern and use such measures in formulating public policy which leads the organization in gaining favorable reputation among its stakeholders (Keim & Baysinger, 1988). Thus, decisions taken by most firms to embark on CSR activities must have direct bearing with their independent director objectivity. Therefore, firms that operate with reasonable proportion of independent directors' representation may find it less cumbersome to respond to various economic and social matters affecting their operations.

It is however argued that firms' decision to engage in corporate social responsibility practices may also be influenced by female directors' representation in the corporate governing board. Various scholars have advanced several reasons in the literature regarding the association between board gender equality, firm CSR engagement and female directors' social activities

interest in conglomeration of the functions or roles they play in the board. Therefore, it is expected that firms having large proportion of women directors on their board will tend to spend much in CSR more particularly in the aspect of employee's welfare, charitable gifts, donations to orphanages and the overall community developmental efforts due to their inherent and philanthropic attitudes.

Jastram (2007) and Baker (2008) conceive CSR to be part of corporate objectives of an organization because it may be seen as a key indicator to determine the true worth and value of modern organizations through their ability to give back to the society part of their income through mutually beneficial initiatives. But this can only be possible and effective when a firm is able to file a consistent positive growth in many sensitive aspects of its operation. Moreover, notable researchers like Waddock & Graves (1997) and Campbell (2007) proposed that, since firms that are less profitable with relatively poor assets size and unable to optimized their liquidity position would have fewer resources to spare for socially responsible activities compare to those firms that are more profitable with larger assets size and operate in an appropriate liquidity level, then many firms will be less likely to act in more socially responsible ways where they are unable to record consistent positive changes in their key attributes.

In Nigeria, the banking sector has been among the key leading sectors in the movement toward championing Corporate Social Responsibility (CSR). Banks have since attached a greater prominence to their social and environmental impact and they engage in establishing good partnership with local communities than they were used to in the past. This shift is being facilitated by among other things, the remarkable growth and development in corporate codes of conduct, the communities / environmental pressure and the need for effective social / environmental responsibility reporting (Amole, Adebiyi & Awolaja, 2012).

The debate surrounding the effective CSR initiatives has of recently been increasingly been questioned in almost every sector globally. However, there exists empirical evidence which show that banks being the key sector that control significant portion of the global economy are not left out to the challenge. They are equally facing more pressure from the multiple stakeholders demanding their increase participation in CSR and its integration into their strategic business plans.

1.2 Statement of the Problem

Several studies found in literature attempted to address the numerous contradictions and debates surrounding CSR issues, yet there are lots of disagreement, controversy and conflict of interests amongst the business theorists, corporate managers, academics and the general public. Firm Profitability, Firm Size, Firm Liquidity, Independent Directors and Female Directors of a firm, are often considered to be key firm attributes and board characteristics that influence firm corporate social responsibility investment, disclosure and practice in many previous studies. However, the studies revealed mixed results. Some studies such as Ponnu & Okoth (2009), Enny & Yulita (2010), Jurica & Lady (2012), and. Amole, Adebiyi & Awolaja, (2012), have produced evidence in support of a positive impact between firm attributes, board characteristics and CSR, while other works such as that of Abu Sufian (2012) reported no evidence of a significant relationship at all.

Summing the quantum of arguments, controversies, debates and various expectations in the literature, investigating the impact of firm attributes and board characteristics on CSR in Nigeria may be of an urgent value. This is because, majority of the researches that investigated the effect of firm attributes and board characteristics on CSR were conducted outside Nigeria. Whereas, majority of studies by Nigerians on CSR either related it to performance or failed to

take into consideration the influence of governance mechanisms to ascertain the role played by board members in management decisions to embark on CSR issues. Few studies such as Farouk & Shehu (2013), Akano, Jamiu, Olaniran & Timothy, (2013) among others, studied determinants of CSR but suffers the weakness of neglecting the influence of many important firm attributes and board characteristics such as firm liquidity, independent directors, foreign directors and female directors' representation. This was a considerable yawning gap the present research work was able to discover in the literature alongside the period gap of the previous studies.

However, to the best of the researcher's knowledge, no study with similar combination of variables has been conducted in the Nigerian banking sector. Owing to their indispensable contributions to the economy it is paramount to fill in this gap. Therefore, as a result of the aforementioned scarcity, this study was out to add to the growing body of knowledge in CSR, using a set of Deposit Money Banks listed in the Nigerian Stock Exchange as a case study to empirically evaluate the likely impact of firm attributes and board characteristics (proxied by Firm profitability, Firm Size, Firm Liquidity, Independent Directors, and Female Directors) on CSR.

1.3 Objective of the Study

The major objective of this research is to examine the impact of firm attributes and board characteristics on corporate social responsibility of listed Deposit Money Banks in Nigeria. The specific objectives are to:

(i) evaluate the impact of firm profitability on corporate social responsibility of listed Deposit Money Banks in Nigeria.

(ii) examine the influence of firm size on corporate social responsibility of listed Deposit Money Banks in Nigeria.

(iii) ascertain the effect of liquidity on corporate social responsibility of listed Deposit Money Banks in Nigeria.

(iv) determine the influence of independent directors on corporate social responsibility of listed Deposit Money Banks in Nigeria.

(v) establish the impact of female directors on corporate social responsibility of listed Deposit Money Banks in Nigeria.

1.4 Research Hypotheses

In line with the stated objectives, the following null hypotheses were formulated and tested in the study:

H_{01}: Firm profitability has no significant impact on corporate social responsibility of listed Deposit Money Banks in Nigeria.

H_{02}: Firm size has no significant effect on corporate social responsibility of listed Deposit Money Banks in Nigeria.

H_{03}: Firm liquidity has no significant effect on corporate social responsibility of listed Deposit Money Banks in Nigeria.

H_{04}: Independent directors of a firm have no significant influence on corporate social responsibility of listed Deposit Money Banks in Nigeria.

H_{05}: Female directors have no significant impact on corporate social responsibility of listed Deposit Money Banks in Nigeria.

1.5 Scope of the Study

This study limited itself to only those Banks that were listed on the Nigerian Stock Exchange (NSE) as at 31st December, 2013. The study centered on evaluating the impact of Firm Profitability, Firm Size, Firm Liquidity, Independent Directors and Female Directors of a firm on CSR of listed Deposit Money Banks in Nigeria. The study covered the period of eight years 2006 - 2013. Eight years, is considered appropriate based on the fact that 2006 was the beginning of post consolidation period during which Nigerian banking sector encountered series of reforms such as recapitalization exercise of minimum deposit of N25b imposed by the Central Bank of Nigeria.

1.6 Significance of the Study

Firm attributes, board characteristics and CSR have been frequently studied using data from different sectors and different countries of the world. However, few of these studies combined adequate variables to represent firm attributes and board characteristics in relation to CSR. There were extant literatures that studied the impact of firm attributes and board characteristics (Firm Profitability, Firm Size, Firm Liquidity, Independent Directors and Female Directors of a Firm) on CSR. Hence, this study will serve as an added effort to fill that literature gap. In addition, the significance of this research lies in the following:

Firstly, it is hoped that this study would serve as a valuable planning mechanism for bank managers and investors. It will assist managers of Listed Deposit Money Banks in Nigeria by bringing to light some of the attributes/characteristics/factors that positively or negatively influence their banks' involvement in CSR activities thereby, apply them appropriately in their corporate strategic plans and decision making.

Secondly, the result could also provide basic understanding into the existing difficulties of CSR practice with some board characteristics and firm attributes in relation to banking industry. The result is expected to have an important policy implication for Nigerian Stock Exchange (NSE), Central Bank of Nigeria (CBN) and other stakeholders in banking regulation to regulate their potential pressure concerning the needs for increase corporate involvement or participation on CSR activities as well as social information disclosure on the annual reports of Deposit Money Banks in Nigeria.

Finally, in line with the findings of previous studies in analyzing and describing the role of firm attributes and board characteristics of Listed Deposit Money Banks in Nigeria as factors influencing CSR investment, the findings of this research work would add to the growing body of knowledge as the study was tailored towards filling the identified literature gaps and building its facts based on the prediction and explanation of relevant theories adopted.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This section covers introduction, the various concepts used in the study starting from CSR, firm attributes and board characteristics variables. It also encapsulates the review of empirical literatures after reviewing many approaches to CSR, while the last session covers the various theoretical frameworks as they relate to firm attributes, board characteristics and CSR. The section also provides a review of relevant theories that are related to the variables of the study. Theories that seem to provide a strong relationship between the variables were used at the end of the chapter.

2.2 Concept of Corporate Social Responsibility (CSR)

The concept of CSR has been the moving train particularly in the western world since the 1970s. CSR practices have spread rapidly over a relatively short period of time, with a long and varied history (Haley1991). Although, many scholars argue that the concern for social responsibility appeared to have started in the early 1930s and went through1940s, however, the modern era of the concept began in the 1950s (Carroll, 1999).

CSR became a growing and maturing field of concern in the 1990s and later dominated the entire business cycle. The term has received several supports and critics from various angles. As a result, several attempts have been put in place by various scholars to coin down the concept in order to define how companies should behave to respect and respond to the social, environmental and ethical issues in the business conduct. CSR involves integrating the issues of the workplace, the community, and the marketplace into core business strategies. The recent development in the concept is evidenced to the call for integration of CSR into the corporate policies and operating practices to enhance competitiveness. Firms are simultaneously advancing the economic and social conditions in the communities in which they operate. Some of the

challenges in this emerging field came from the customers who select products with better qualities and reputation, investors who contribute their money into the companies, creditors who lent out money to the firms for future benefits, employees interested in mutually beneficial relationships and good working conditions with the company, government, NGOs, local communities and the operating environment.

Several forces have been reported in the literature behind the growing pressure in CSR initiatives. Some of these driving forces emanate from the increase in regulatory pressure ranging from reporting requirements to government regulations that introduce compulsory business standards by which companies of all sizes have to follow and respect (Gray, Kouhy & Lavers, 1995). According to Johnson (2003), growing demands from customers' side, employees, community and other stakeholders of concern is one of the factors that forced corporate social and ethical involvement. As a result, firms have come under increasing pressure to engage in CSR practices (Beurden & Gossling 2008)

Dummet (2006) reported about eleven factors viz; tax incentive, cost reductions, competitiveness, business reputation, industry leadership, risks avoidance, shareholders' pressure, consumer pressure, government legislation, NGOs and societal expectation as part of the driving forces that motivate companies to design and implement CSR and other natural environmental management policies in their corporate strategic plans. Today, almost all companies irrespective of sizes and sectors have recognized the economic importance of their involvement in society and the real benefits of practicing proactive CSR approaches.

CSR became a prominent factor of public concern evidenced from the massive increase in social problems such as poverty, unemployment, and other environmental havoc caused by the businesses globally (Henriques, & Sadorsky, 1996). These social problems later became natural

agents of economic transformation particularly in the developed countries due to growing global public awareness concerning the role corporations should play in society (Adeyanju, 2012). As the global economy became more integrated, firms continuously faced more and more public calls, asking for increase participation on CSR programs. As a result, companies involved in CSR, establishing sustainable and profitable business environment through developing new corporate strategies and the conduct of maintaining relationship with all stakeholders (Faris, Abedalfattahi & Marwa, 2011). CSR has therefore become recognized by business organizations globally as a key to business success and a weapon to survive in the global competitive business environment.

The term "Corporate Social Responsibility" (CSR) has been coined by various scholars to mirror how corporate entities should respond to social, environmental, and ethical problems in their actions. As a result, several researchers began to forward a variety of invaluable contributions in the literature concerning the CSR issue. Yet, to date there is no agreement over its definition, measurement procedures and approaches. This lack of consensus has led to the generation of controversial debate among different scholars.

Nonetheless, some notable authors like Clarkson (1985), McWilliams & Siegel (2001), Hopkins (2004), Asyraf (2008), Carrol (2009), Etim (2011) and Adeyanju (2012) among others have attempted to define CSR given different individual meaning in their works. According to Hopkins (2004), CSR is defined as the formal inclusion of the social, ethical and legal issues into corporate decision making and stakeholders treatment in a more ethically, socially and responsible ways.

McWilliams & Siegel (2001) view CSR as a term describing a company social obligation of being accountable to all its stakeholders in all its operations and actions. This signifies that

socially responsible companies must mind their full scope of impact on communities and the environment when making decisions, balancing the need of stakeholders with that of business. CSR simply means treating the stakeholders of the firm in an ethical and social manner (Clarkson, 1995).

Asyraf (2008) looks at CSR as a set of programs that symbolize corporate activities, beyond business primary motive of maximizing shareholders returns. This covers environmental protection and restoration, employees caring, ethical practices, local community affairs involvement and proper resource management in socially responsible manner.

According to Carrol (2009), the term CSR refers to a set of approaches that encompass variety of issues revolving around companies describing their social, ethical and legal obligations to their stakeholders and the immediate environment within which they operate. Etim (2011) also viewed CSR as a business approach that respect ethics, communities, human and environment as integral elements that improve firm value and thus boost its competitive power.

However, a good development was recorded in the work of Adeyanju (2012) who defined CSR as a comprehensive set of policies, practices and programs that are integrated into business operations, supply chain, and decision making processes throughout the company and wherever the company does business that are supported and rewarded by top management. This definition covers all current, past and future impacts of corporate responsibilities and actions. It also shows that CSR involvement varies with the nature, policy, size, sector and even geographical region of a firm.

Summing up the various definitions forwarded by various scholars, CSR could therefore be viewed as the corporate commitments to contribute to sustainable economic development, working with employees, local communities, investors, customers, creditors, suppliers,

government and society at large. The main idea conveyed in this definition is that businesses must be socially, ethically, economically, and politically sincere to a broad network of its stakeholders by improving their quality of life.

Despite the various definitions and the confusion that comes with it, earlier in 2007, Donald & Donald came to an interesting conclusion. They recognized the wide array of definitions available, but show in their analysis that the existing CSR definitions mean almost the same. Donald & Donald came to this conclusion by looking at the similarities and differences between existing CSR definitions through frequency counts that almost all existing CSR definitions were consistently revolving around five key business dimensions viz: the environmental, social, economic, stakeholder and philanthropic/ voluntariness dimension.

As mentioned previously, lack of consensus over the generally accepted definition of CSR, measurement, procedures and approaches has led to great confusion (Clarkson, 1995). However, CSR has some concepts which are often used synonymous to it. Carroll (2008) highlighted some of these concepts which are often used interchangeably to describe CSR to include corporate ethics, corporate citizenship, corporate accountability and sustainability.

2.3 Some Concepts Synonymous to CSR

2.3.1 Corporate Ethics (CE)

Business Ethics, (2008) view corporate ethics as "the application of ethical reasoning into the corporate business activities". According to Business ethics, corporate ethics and CSR are not completely the same. Business Ethics can be recognized as a component part of CSR, and strategic CSR requires ethical reasoning. Carroll (2008) provides clear illustration to this in hierarchical order. He clearly explained what ethical responsibility is all about in his model. Ethical concern in business is becoming increasingly necessary today because of the increase in

social and environmental challenges within which businesses operate. Ethical responsibilities have been identified as a component parts of firm's CSR with its economic and legal obligations because both are considered stimulants for corporate success. This means that ethical behavior is a prerequisite for strategic CSR. Zoe, (2004) also stressed that a good ethical behavior often serves as a mirror image of core corporate culture. Corporate ethics called for the attention of firms to ensure that their governance systems and business policies are underpinned by Ethics, Transparency and Accountability conceived legitimate and beneficial by its multiple stakeholders (Oyejide & Saka, 2012). That firm should not engage in business practices that are abusive, unfair, and corrupt or engage in any business considered harmful and taboo by the immediate community. Therefore, strategic CSR can be a better way of incorporating firms operations with societal values (Blackman, 2008).

2.3.2 Corporate Citizenship (CP)

Corporate citizenship is another concept which is often used interchangeably with CSR. Irrespective of the way and manner in which concept is being defined it seems to have more or less overlap with the concept of CSR. Carroll (2008) stated in his work that corporate citizenship may be broadly or narrowly conceived in CSR. According to Carroll (2001), the philanthropic responsibility he mentioned in his hierarchical framework refers to being a good corporate citizen. However, Carroll's position has attracted several academic criticisms by several scholars in the literature. One of the studies that challenged Carroll's assertion was conducted by Olawale (2009) who argued that, corporate citizenship cannot be considered as a concept synonymous to CSR. This is because philanthropic responsibilities only can not constitute total CSR. All other responsibilities (ethical, legal and economic) as mentioned by Carroll must be broadly conceived to complete CSR.

2.3.3 Corporate Accountability (CA)

Corporate accountability is also used as a component part of CSR as well as a synonym of CSR. Accountability is one of the processes which a firm adopts to ensure integrity. Accountability is among the fundamental challenges of contemporary organizations in society. A rational firm must align the demands, interests, expectations and values of multitude stakeholders with its core economic activities. Corporate accountability is a fractional part of CSR. A socially responsible firm must be accountable in all aspects.

Several researchers have reported in the literature, a growing demand for firms to report their CSR activities. Reporting their CSR activities will prove them as more ethical, transparent, and accountable to their external parties (Jonh & Georgia, 2010). Corporate accountability refers to the recognition of a firm's social impact on stakeholders. It needs the firm's willingness and voluntariness to capture and to disclose its social commitments to all its stakeholders in a more appropriate and transparent way.

The concept has been a growing field of interest by sociologists, economists and accountants since the 70s. The accounting struggle was to ensure that all social costs are adequately identified, accounted for and disclosed in the corporate periodic financial reports. Stakeholders are challenging firms to account for the level of their involvement in CSR (Tsoutsoura 2004). As posited by Mamman (2004), CSR accounting was to address or deals with the issues regarding measurement and disclosure of relevant corporate social information to all stakeholders. Therefore, corporate social responsibility accounting can be viewed as an extension of accounting functions in identifying and measuring corporate social contribution to its constituents. It encompasses all costs described to constitute or associate with corporate

social commitments. It involves periodic disclosure of corporate financial and non financial engagement on the social aspect of the firm.

Jackson (1982) as captured in the work of Faris et al (2012) stated that accountability explains and justifies what has been done, what is currently being done and what is to be done by the responsible party. Accountability, therefore, involves disclosing more information. Gray, Owen & Maunders (1987) view the notion of accountability as an emancipator concept, to describe the nature of contract that exists between the firm and the local community through evaluation and expansion of established mutual rights to information and legitimacy.

2.3.4 Corporate Sustainability (CS)

Sustainability is often used to describe the concept of CSR. According to Olawale (2009), though, CSR and CS are often used interchangeably as synonyms concepts to each other, but they are not exactly the same. On the one hand, CS concentrates more on the social impact of a company on its environment and more specifically focused on social equity and then how to promote socio-economic development. On the other hand, CSR focused more on the flow of social benefits to all stakeholders at the company level.

The link between CSR and sustainability is always obvious. CSR is considered as a component part of sustainability. Olawale (2009) posited that CS is remained the universe while CSR is the subset. According to him CSR is a necessary condition or prerequisite to sustainability, but not sufficient. This signifies total agreement with the definition forwarded by The World Business Council on Sustainable Development (WBCSD, 2000). According to WBCSD as in Carroll (2008), CSR is the commitment of business to contribute to sustainable economic development, working with employees, local communities, investors, customers, creditors, suppliers, government and society at large.

Olawale (2009) also noted that, to attain sustainable development, efforts at various levels beyond the corporate lens must be sought. He further argued that, whenever people talk of the term corporate sustainability, then they must refer to inter-generational equity and transfer of resources between the present and future stakeholders of firms". Therefore, sustainable development simply means meeting the needs of the present generations without compromising the ability of future ones to meet their own needs (World Commission on Environment and Development, 1987 in Olawale, 2009).

According to Alessia, Sybil & Sue (2009), corporations around the world are trying to cope with the contemporary business challenge, which is to meet the demands of the modern generation without depriving the right and ability of the future generations to cater for their own needs. Businesses are asked to fashion out ways through which their operations impact positively on societies and the natural environment. They are also mounted with pressure to put in place sustainability principles on their day to day business conduct.

Berenbeim (2006) viewed sustainability as corporate commitments that demonstrate the voluntary inclusion of stakeholders into the corporate decision processes. Therefore, CSR play a key role toward ensuring sustainable development. CSR enhance innovation, promote competitiveness, and contribute to social, environmental and economic policy objectives of a company. Chartered Institutes of Management, on their framework in 2013 disclosed how sustainability issues can be incorporated into the management control system to match with firms' CSR objectives and strategies. According to them, there has been increase consensus in recent years among corporate entities on the economic relevance of CSR in attaining sustainable development of companies and society as a whole, adding that, CSR is presently incorporated into the mission statements and strategic plans of contemporary business organizations.

2.4 Approaches to CSR

There are several debates regarding business involvement in society. Most of the arguments are in support of the idea of Freeman (1984), and other stakeholder theorists. The summary of the argument is that firms must operate in such a way that would fulfill society's demands. According to Faris et al (2012), companies engage in CSR programs in order to reduce public criticism and discourage further government involvement into their business territory. This involvement is sometimes considered a defensive approach designed to offset possible government action against those in the business cycle who depleted the environmental resources without caring to offer back part of it to the immediate constituents. Firms must understand that society is a "system" which constitutes corporate entities and other stakeholders as well and of which are interdependent.

There exists mutual relationship among individuals, government and corporate organizations in society. Social responsibility involvement simply means responding to shareholders' interest. A firm that is socially responsible will simply be profitable, especially in the long run. Poor social responsibility involvement on the part of the corporation means poor corporate management and poor performance. This is because; failure to perform in the best interest of the multiple stakeholders is like failure to adequately perform in corporate financial matters.

The level of CSR engagement by a firm determines to a greater extent as to whether the participating company value CSR as pure philanthropic, value creation or risk/ environmental management activities. Rowe (2005) concluded that depending on the way and manner in which a particular organization viewed its CSR investments. CSR spending can be classified into three

categories of firm's activity viz; philanthropic, risk/ environmental management and value creation.

2.4.1 Philanthropic Approach

Jastram (2007) and Lin-Hi (2008) conveyed the first category into their works. They stated that, some organizations looked at CSR as pure philanthropic activity, explaining that, CSR should be viewed as philanthropic activity since it is not guided or forced by any legislation. Therefore, any CSR participation is solely at a company's discretion, since there is no correlation between the amounts an organization spends on CSR and its overall performance. They, in fact, recommended that in as much as organizations pay income and education taxes to government, the responsibility of addressing the community's social problems should be completely directed to government.

Carroll (1991) also classified CSR into four different segments; economic, legal, ethical and philanthropic. According to him, philanthropic responsibility encompasses business actions in response to society's expectation that defined businesses as good corporate citizens. Carroll further stressed that, CSR as pure philanthropic means decision to evolve into social issues voluntarily, which is always guided by the ability and desire of business to engage in social matters that are not mandated, or imposed by law. This includes some social programs such as charitable gifts and donations to less privilege supporting agencies, schools and other community developmental programs.

Literature has forwarded several arguments regarding corporate - community social involvement beyond acting as pure philanthropists. The superior dimension of this argument in the literature revolved around the primary motive of forming any business which is 'profits making'. This argument falls within the position of average stockholder theorists, who asserted

that the primary purpose of establishing any business is to maximize profits, therefore having firm's management engage in any matter other than a profit maximizing goal is amounting to jeopardizing shareholders interest. This is in line with the economic argument of Fiedman (1970) against CSR. According to him, the primary responsibility of business is to make profit for its owners, albeit while complying with the law of land. Friedman further stressed that, the concern of any business is to make profits and to maximize shareholders wealth. This has practically contradicted the fundamental ideas of most contemporary businesses considering how they are increasingly becoming involved in social and environmental issues. Friedman (1970) viewed business as an economic institution and not a social one. Therefore, in as much as business is able to discharge its fundamental functions, manage its affairs efficiently and operate within the law of the land, any social issue should be addressed by government. Thus, firms are only responsible to shareholders when they become involved in social matters otherwise these corporate motives are not duly observed (Navarro, 1988).

In support of the philanthropic CSR argument, Cyrus & Oyenje (2013) also documented that, firms are obliged to act as good corporate citizen by way of alleviating harm to stakeholders. This can only be accomplished via philanthropic attitudes, where firms are expected to contribute to financial and human resources development aspect of the community and to improve the quality of local life.

2.4.2 Environmental Management Approach

In a contrary view, some organizations looked at CSR as an environmental risk management activity, since they believed that there are some degree of correlation between spending on CSR and organizational performance. Those organizations believed that the only way firms avoid or remediate the environmental and societal harmful effects in their operations

is to engage in CSR practices. CSR provide positive solutions on environmental protection and minimize any adverse effects on corporate activities. Faris et al (2011) concluded that, companies engaged in voluntary corporate social responsibility not only for its physical potential impact in business but, to avoid potential pressures from the immediate society, government regulatory and other nongovernmental agencies that enforce corporate social responsibility. This means that, environmental and social risks should always be relevant constraint that businesses should consider in the CSR context. Moreover, the study conducted by Orlitzky and Benjamin (2001) is in agreement to the conclusions of Burke and Logsdon (1996) who stated that good CSR practices may particularly help companies to address many social and environmental problems. If that is true, then firms should consider CSR as a risk management activity.

The link between CSR and strategic risk management has well been established by various scholars in the literature. According to Bowman (1980), corporate social responsibility is an instrument of shielding business from any social or environmental risk. Following the above assertion is the work of Heal (2005) who suggested that good CSR practice reduces conflicts between companies, society and the environment. He further stressed that risk management approach in this sense means reduction of conflicts as a major benefit of effective CSR programs. Husted & Allen (2007) agreed with Heal that CSR is an essential component of corporate risk management. Orlitzky and Benjamin (2001) earlier posited that a firm's ability to identify and manage different kinds of risks attributed to its business operation through CSR practice may increase its chances of making more profits.

2.4.3 Value Creation Approach

The third category as captured in Baker (2008) viewed CSR as value creation activity, because they believed that, for firms to survive in the business environment as going concern entities, CSR activities must be part of their strategic corporate plans. Where a firm's vision is to create business value, generate and maximize shareholders returns, with fundamental increase in corporate economic wealth, then partnership with communities should be one of its focal objectives. This means that good CSR policy implementation increase a firm's business value. Firms are increasingly becoming more conscious on their interactions with stakeholders because, they believed that no organization can experience solid economic prosperity in isolation of those agents that directly or indirectly impacted on their actions.

A growing number of companies are daily becoming committed to CSR not only because of its potentiality and relevancy in managing risks but because of its ability of enhancing their reputation in the eyes of customers, potential investors, employees, and regulatory agencies. An effective CSR practice can bring about the potentials of lifting and exposing the company to the highest point (Andrew, 2013). This means that, good CSR practices improves firms' competitive power and enhances share value, through a better company reputation built in the long run.

In many large organizations, it is increasingly becoming difficult to distinguish whether CSR practices is pure philanthropic, risk management and value creation. However, Ibrahim, Zam, Jamil & Norlia (2013) concluded that, whichever approach a firm chooses to incorporate in to its CSR policy framework, it should be flexible enough for practice across all levels of business policy targets, setting a high standard against which to measure its long term corporate successes.

2.5 Firm Stakeholders Relationship

Fama (1980) in his own assertion stated that, a firm is just like a team, which comprises various classes of members with and without, having different individual dichotomous preferences, with conflicting and competing claims and responsibilities in it and whose responsibilities and claims must be adequately and accordingly addressed by it in order for the team to gain corporate image, continue to survive in the business environment as going concern entity and compete with other teams. This is because the productivity of each member has a direct effect on the team and its members. Thus, in a given society, firms cannot ignore or completely disregard in their strategic planning, the environment and the major coalition members which they interact. They must offer back some certain percentages of their generated income to the society.

In agreement with Fama's assertion, Mamman (2004) concluded that, firms must be socially, ethically, and legally responsible to all major stakeholders and the environment in which they operate as part of strategic movement toward discharging their corporate social obligations. Following similar thought, Hopkins (2004) stated that, firms' capital raising, accumulation and appreciation is only possible if the aforementioned major players and their societies exist which otherwise constitutes their meeting market. Operating with a CSR perspective, proponents believe that companies are capable of making more long term profit and increasing long term success,

Empirical evidence shows that, over the years, firms have identified the economic relevance of CSR practice and made it part of their corporate agenda due to the enormous and sustainable benefits it entailed and advantages that are accrued to them. Their experience was in line with global empirical evidence, that CSR has significant positive and statistical influence on

a firm's overall economic performance (Uwuigbe & Egbide, 2012). In view of this, Amole, et al. (2012) concluded that, CSR contributed immensely toward building firms competitive power, strengthening their market value, decreasing operating costs and increasing their productivity, profitability, sustainability, integrity and rebuilding their positive corporate image in the eyes of their stakeholders.

Freeman (1990, p39) identified stakeholders as "those groups of individuals having unending interests in the overall economic success and failure of the firm". They could therefore be viewed as any identifiable factor whose influence or action can directly or indirectly affects or be affected by the operations and decisions of the firm. They include employees, suppliers, customers, credit institutions, communities, government and the general public, who contribute to the income generation, security and other paramount issues that contribute to the continuity and survival of a company.

According to Freeman (1984, p38) ability to manage stakeholder preference and relationship with the firm is an effective means toward attainment of business ends. He further stated that "Corporations have ceased to be merely legal device via which the private business transactions between individuals may be carried out". He suggested that, organizations should not only pursue stockholders interest at the detriment of other corporate claimants. He further suggested that customers, suppliers, government, local communities and employees' claim should never be neglected but taken into consideration, though the claims should never supersede stockholders claims. Freeman (1984) highlighted customers, employees, community, suppliers, and government among others, as major elements within a broad spectrum of society in addition to shareholders whose responsibilities must be addressed by the firm. In support of his assertion, Uwalomwa, Olubukumola & Ajayi (2011) added that, although, firm and it managers owed

shareholders special legal and economic obligations of ensuring a ‘‘fair’’ return and sustainable growth on their investments, but these obligations must not be compromised with other stakeholders’ claim, which go above and beyond requirements urged by corporate legislations. In case these interests contravenes the preferences, demands and interests of some other major stakeholders, adjustment must be made in order to appropriately and adequately discharge these basic obligations and to enable business operate continuously as going concern entity.

The earlier work of Davis (1960) divided CSR into socio-economic obligation and socio-human obligation. As regards to socio-economic obligation, the company’s role is to manage economic units in the society, with a broad obligation to the community in relation to economic development and public welfare. As regards to socio-human obligation, businessmen are obliged to nurture and develop human values, such as morale, cooperation, and motivation. These two obligations should be considered amongst the paramount firm’s decisions and should be treated beyond the firm’s direct economic or technical interests. In view of this, Bowen (1953) posited that, the notion that business has responsibilities to multiple stakeholders is not a recent debate. It can be traced back over centuries. However, the way in which people view and define the relationship between business and its stakeholders has evolved and transformed over the years (Judy & Gilbert, 2010).

Firms respond to stakeholders’ expectations and preferences in order to avoid environmental and reputational risks. Well designed CSR programs improve the reputation of participating companies, which may socially attract the interest of their existing and potential investors (Gossling & Vocht, 2007). CSR comprises the notion that organizations have to meet the expectations of the society. In the work of Waddock (2004), CSR is viewed as the subset of

corporate duties that deals with a firm's voluntary and discretionary relationship with stakeholders.

CSR has developed dramatically not only in developed countries but also in developing countries. In Nigeria, banks are not left out from the global challenge. They are equally facing more pressure from the multiple stakeholders demanding their increase efforts in CSR and its integration into their strategic business plans.

Today, banks responds to stakeholders and environmental needs not only because they want to be good corporate citizens but also because they believe doing so will be good for business to improve their relationship with multitude of stakeholders (Mersereau & Mottis, 2011). Therefore, banks with good strategic CSR agenda are conferred with competitive advantage and equally benefit from the society in which they spent part of their resources. Porter & Kramer (2006) noted that, companies include CSR into their corporate activities in order to ensure they operate in a harmonious business environment. CSR becomes an important tool for establishing sustainable environment for businesses. CSR deals with stakeholders' treatment in a more ethical and social ways. According to Berkhout (2005) effective CSR implementation may require huge commitment of resources and time. However, firms must try to manage their business focus, design and integrate CSR programs and keep to regular examination of the dynamic business environment and the resources at their disposal.

2.6 Review of Related Studies

Previous studies found in the literature have suggested a link between firm attributes, board characteristics and CSR. These studies, however presented no unanimous position concerning the impact of firm attributes and board characteristics (factors that influence firm to engage in CSR activities) on CSR. Thus the results forwarded in the literature by prior researches

are very conflicting. To review the existing literature on CSR, the study firstly looked at the research conducted by Hsiang-Lin, Hsian-Hsuan & Tzu-Yin (2009) who found positive association between size, profitability and CSR.

Similarly, a separate study conducted by Yao, Wang & Song (2011) also revealed, with strong evidence, a similar outcome using a sample of 800 listed firms, in Chinese Stock Exchange. They concluded that firms with larger assets size are more CSR minded. Though, previous researchers like Ismail & Koh (1999) reported a positive relationship between profitability and CSR, but found no relationship between size and CSR. Studies conducted by Echave & Bhati (2010) also reported no relationship between profitability, size, leverage and age with CSR.

However, in a study conducted by Jurica & Lady (2012) an evaluation was made that established evidence which showed a significant positive association between company characteristics and Corporate Social Responsibility Disclosure. They made use of multiple regression techniques, using a sample of 273 companies listed in Indonesia Stock Exchange from 2007 to 2009 period. The research found company size, company profitability, earning per share, and environmental concern have an influence on CSR. While leverage, board of commissioner size, company profile, company age, management ownership, and growth opportunities were found to have no influence on CSR.

Consistent with the findings of Jurica & Lady (2012), a recent study by Akrout & Othman (2013) found among other tested characteristics that firm size affects CSR investment positively. More holistically, Faris et al (2012) examined the impact of financial and non financial determinants on CSR using a sample of 60 listed industrial companies on the Amman Stock Exchange between the periods of 2006 -2010 in Jordan. They made use of two models for

CSR (firstly, they measured CSR as Training and Education, while in the second model, CSR was proxied with the value for Research and Development). Their findings showed that, size and growth are significantly and positively related to and influence CSR, while on the other hand Leverage is found to be negatively associated and significantly influencing CSR in both models, while Dividend was also reported to have a negative but insignificant relationship with CSR. The fact that most of the researches reviewed were carried out using cross industry data, therefore the present research suggested that establishing the relationship between firm characteristics and corporate social responsibility could be more objective and reliable when a single industry is focused than cross industry research.

In Nigeria, as mentioned earlier in this study, studies conducted in this area were very slim. Though, dealing specifically with banking industry, a recent study conducted by Farouk & Shehu (2013) have produced evidence in support of a positive relationship between firm attributes and CSR, it however, introduced profitability as additional explanatory variable. They suggested among other things that firm management should strive to ensure high profitability and expand their assets size as these have been empirically proven to be determining factors for firm to embark on CSR.

Similarly, Akano, Jamiu, Olaniran & Timothy (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. The results of their findings indicated that the value of total assets and gross earnings are positively and significantly related with the level of corporate social responsibility activities disclosure. However, looking at the nature of variables selection, and more importantly methodology and

theories adopted by these studies, the present work therefore advance the need for further investigation in this area.

2.6.1 Profitability and CSR

A positive relationship is expected between firm profitability and CSR. Several researchers such as O'Riordan & Fairbrass (2008), Baker (2008), Ponnu & Okoth (2009), Robins (2011), Amole, Adebisi & Awolaja (2012), Jurica & Lady (2012), Martins & Yunita (2012), Mahbuba & Farzana (2013), Akano, Jami'u, Olaniran & Oluwalogbon (2013) and Ebiringa, Yadirichhukhu Chigbu & Ogochukwu (2013) have conducted researches on profitability and CSR, however there was no agreement in the results they reported.

Specifically, Jurica & Lady (2012) established evidence which showed significant association between company characteristics and Corporate Social Responsibility. They made use of multiple regression techniques, in a sample of 273 companies listed in Indonesian Stock Exchange from 2007 to 2009 period. The research found that company profitability has a significant influence on CSR. The researchers then recommended the urgent need for regulatory agencies to develop an effective CSR disclosure framework that will be focused toward efficient utilization of firm profitability and provide incentives and penalties as the case may be for firms' corporate social responsiveness levels.

In study similar to that of Jurica & Lady (2012), Faruk & Shehu (2013) examined the determinants (financial and non-financial) of CSR of listed Deposit Money Banks (DMBs) in Nigeria for the period 2005 - 2011, using a sample of 13 banks. The study adopted multiple regression technique and data were collected from secondary source through the annual reports and accounts of the banks. The study found economic profits positively and significantly influencing CSR.

On the other hand, Ponnu & Okoth (2009) investigated the determinants of CSR in Nairobi, Kenya and found that profitability has no significant influence on CSR. This was followed by the result reported by Martins & Yunita (2012) in a study conducted on the impact of firm corporate social responsibility toward firm value and profitability and produced evidence that showed no relationship between profitability and CSR

2.6.2 Firm Size and CSR

Firm size will be measured as the natural logarithm of total asset as used in Cheh & Kao (2005), Ghazali (2007), Shehu (2011), Hassan & Ahmed (2012) and Farouk & Shehu (2013). These studies evaluate the impact of Firm Size on corporate social responsibility. The size of the reporting firm should have either a positive or a negative impact on the extent at which it is engaged in CSR practice and disclosure. Thus, it is expected that a large firm management would like to practice and disclose more of its CSR issue because that correlates to their internal and external activities, promotes innovation, competitive advantage, value creation and superior economic performance (Abu Sufuyan, 2012). Over the past few decades, there has been quantum of arguments, controversies and debates in the literature as to whether any increase or decrease in a firm's total assets can directly translate into its CSR practice.

Researchers such as Ahmed & Nicholls (1994), Akhtaruddin (2005), Jastram (2007), Lin-Hi (2008) and Alam & Deb (2010) have found a significant positive relationship between a firm's size and the extent of CSR disclosure. They showed in their findings that firms with larger assets size invest much in CSR. Therefore, the larger a firm's operating assets the greater its investment in corporate social and environmental issues. In a recent study conducted by Munasinghe & Malkumari (2012), an evaluation was made on the determinants of corporate

social responsibility, and found that size is among the factors that significantly and positively influence CSR.

Another one of the most recent studies in which attempt was made to investigate the relationship between firm size and CSR was conducted by Akano et al (2013) who investigated the various factors that determine the level of disclosure in the annual reports and accounts of commercial banks in Nigeria. The outcome of multivariate analysis they used reveals that value of total assets among other determinants they investigated have positive relationship and statistically significant with the level of corporate social responsibility disclosure in the annual reports and accounts of commercial banks in Nigeria. Several other researchers like Orlitzky (2001), Lepoutre & Heene (2006), Udayasankar (2007), Husted & Allen (2007), Krishna (2008), Hsiang-Lin et al (2009), Ponnu & Okoth (2009), Yao et al (2011), Bayoud, Kavanagh & Slaughter (2012), Akrout & Othman (2013), Shehu & Faruk (2013), and Narakrisna & Purwaningsih (2013) have reported a statistical and significant positive relationship between a firm's size and CSR.

The earlier work of Hackston & Milne (1996) has drawn a conclusion on the positive impact of size on corporate social responsibility. Their findings indicated that most firms that are strongly engaged in social responsibility issues are of a larger size. The study of Sarumpaet (2005) reported similar result. According to him, there is a strong positive association between a firm's size and CSR practice. This served as a challenge to Halme & Huse (1997) whose study found no significant relationship between environmental responsibility and firm size. Enny & Yulita (2013) also reported a negative relationship between size and CSR, and the studies conducted by Ebiringa et al (2013) too found an insignificant negative correlation between firm size and CSR.

2.6.3 Firms Liquidity and CSR

Liquidity indicates the ability of a bank to meet its financial obligations in a timely and effective manner. Samad (2004) posited that liquidity is the life and blood of a commercial bank. Various researchers have suggested several ratios for the measurement of liquidity in their works. The study of Mabwe & Robert (2010) have suggested Liquid Assets to Deposit Ratio (LADST) which indicates the percentage of short term obligations that could be met with a bank's liquid assets in the case of sudden withdrawals, Net Loans to Total Assets Ratio (NLTA) which measures the percentage of assets that is tied up in loans. The higher the ratio, the less liquid the bank is, and Net Loans to Deposit and Borrowing (NLDST) which indicates the percentage of the total deposits locked into non-liquid assets. A high figure denotes lower liquidity.

The level of banks engagement in CSR is determined to a greater extent by their liquidity position. It is however believed that some of the decisions taken by firms to embark on CSR activities such as society and community relation, employee relation, and environmental management are due to the availability of slack resources from the improved financial performance (Waddock & Grave 1997). According to McGuire, Sundgren & Schneweisis (1982), corporate social performance is usually characterized by a relatively high managerial discretion, therefore, any engagement into or cancellation of social and environmental policies may largely depend on the availability of excess funds (Faruk & Shehu, 2012). This supported the basic idea conveyed by slack resources theory which was developed based on observation that a firm is only able to carry out its activities as a result of the resources available at the firm's disposal and which is normally reserved to the predefined activities. As posited by David (2013) and Ravichandran, Shyamala & Sakthi (2013) that for a firm to successfully respond to any

internal or external pressure for its planned and unplanned adjustment or economic shifts, the reserved resources have a fundamental role to play. The resources that the firms require to respond to any economic, social or environmental changes is said to be slack in nature which is most a time considered as available resources which a firm uses to achieve its specific objectives.

Eminent scholars like Philippe, Alexis & Vincent (2012), Maleya & Willy (2013), Nevine (2013) and Huang, Shan & Duchi (2014) have investigated the impact of firm liquidity on CSR. They however, forwarded mixed results. Maleya & Willy (2013) examined various factors affecting the financial performance of listed companies at the Nairobi Securities Exchange in Kenya. The result of their findings showed that despite the increasing trend of sudden corporate failure in both global and local contexts, liquidity has a significant positive effect on financial performance. Nevine (2013) in his work found that conventional banking has better financial position than Islamic banking, which indicates their higher expenditure ability and commitment toward their Corporate Social Responsibility. The results further show the influence of a bank's liquidity on customer satisfaction and improving financial performance, which in turn will affect the Corporate Social Responsibility Implementation.

Liquidity is one of the most relevant factors which reflect the market operation, and it directly determines changes in firm's share value and investment portfolio and whether an investor can buy or sell share timely and quickly. Philippe, Alexis & Vincent (2012) have investigated the variations in the liquidity and investor recognition association with initiation on corporate social performance. The studies clearly explained the relevancy of liquidity based firm on corporate social responsibility. The recent work of Huang, Shan & Duchi has established strong evidence on the positive relationship between liquidity and CSR. The study claimed that information content of corporate social information can largely improve the market quality.

Firm liquidity has been receiving series of recognition by several scholars, regulatory bodies, local and international standards. The International Financial Reporting Standards (2006) view liquidity as the available cash at a firm's position, after taking care of various financial obligations corresponding to a particular period of its operations. Literature argued that a firm can use liquid assets to finance its internal and external activities even when external finance is not available. However, on the one hand, Liargovas & Skandalis, (2008) supported the above assertion and positioned that only higher liquidity can enable a firm to respond to various unexpected eventualities and to cope with its economic, social and legal obligations even during the periods of earnings or economic depressions.

Liquidity plays a significant role in the successful business operation of a firm. A firm must suggest better ways of maintaining a good balance of its liquidity position and ensure that it does not suffer from lack-of or excess liquidity to meet its corporate obligations. According to Bhunia (2010), studying a firm's liquidity is of paramount importance to measure its strength in addressing both the internal and the external pressures and to ascertain whether relationship exists between the firm's liquidity and CSR. However, irrespective of the peculiar nature of the firm business, no specific rule on level of liquidity that a firm can maintain in order to ensure that it meets its social obligations.

2.6.4 Independent Directors and CSR

There has not been much argument in the literature concerning the relationships between independent directors' representation on board and the strategic implementation of corporate environmental, social, and ethical responsibility. It is expected that large proportion of independent board members will have positive effects on CSR of an organization. Independent board members as paramount part of the total corporate board members ensure the protection of

the interest of all stakeholders of the company (Coffey & Wang, 1998). The studies previously conducted by some eminent scholars like Robert (1992), Ibrahim & Angelidis (1995), Coffey & Wang (1998), Sembiring (2005), Lynes & Andrachuck (2008), Dunn & Sainty (2009), Ana & Begona (2009), Joseph & Taplin (2011), Febrina & Suaryana (2011) and Ulfi & Fitriyah (2012) have found independent directors as part of the factors influencing the involvement in CSR in most organizations.

A research conducted by Robert (1992) revealed that the independent board members are very much concerned with philanthropic dimensions of CSR. His finding was similar with that of Johnson & Greening, (1999) who found a positive relationship between a firm's independent directors and CSR. Agreeing with the Robert (1992), was the work of Ibrahim & Angelidis (1995) and that of Dunn & Sainty (2009) who all established that firms that appoint more independent directors on the board tend to show more objectivity and independency towards CSR issues. This means that, firms that are concerned more with CSR issues in their strategic plans take more independent members on their board so that an independent and soft image of the company could be enhanced in the eye of the community and thus lift the company to a greater height in the long run.

Logically, the independent director should have neither direct nor indirect connection with the corporation they govern other than their position on the board. This is because an independent director is expected to exercise an independent judgment in all corporate economic and social activities. Boards that are appropriately selected protect the interest of multiple stakeholders group in addition to their duties of resolving corporate problems and thus, results to a better CSR performance (Ana & Begona 2009). This argument has gained maximum support from several authors in their researches. For instance, as reported by Louma & Goodstein (1999)

that, a firm with a large proportion of independent directors on its board tend to have positive and strong relationship with CSR more particularly in the aspect of staff welfare packages, charitable gift and donations. This implies that the presence of large number of independent directors in board structure helps greatly in solving environmental disputes that usually occurred as a result of unavoidable business activities (Dunn & Sainty, 2009).

Similarly, Ulfi & Fitriyah (2012) in their contribution examine the impact of independent board of directors in determining CSR involvement in both Islamic and conventional banks in Indonesia using panel data between the periods of 2007 to 2011. The studies found that independent board of directors has a significant impact on the CSR of both Islamic and conventional banks. Asghar (2013) investigated how board structure influences the CSR strategy of a firm and found a strong positive relationship between independent directors and CSR. This finding is in line with the prior study conducted by Coffey & Wang (1998) who found that having large proportion of independent and outside directors on board lead to expansion of firms' CSR strategy.

According to Anugerah (2011), corporate governance mechanisms such as independent board of directors are expected to provide adequate explanation regarding the level of a firm's CSR practices. Bughsan (2005) also concluded that the size of independent board of directors has a significant positive impact on CSR. Moreover, the early work of Kassinis & Vafeas (2002) further established that, among other corporate governance mechanisms, independent board of directors is a relevant mechanism that influences a firm's CSR involvement. This means that independent board of directors are expected to improve the quality of effective control in corporate activities which will eventually improve the quality of a firm's mandatory and voluntary (economic and social) engagements (Haniffa & Cooke, 2002).

Fama & Jensen (1983) have identified board of directors as one of the most important internal control and monitoring mechanisms of a corporate management team. According to Fama & Jensen (1983), where independent director play an independent role in a firm's governing board, it would affect interest of multiple corporate stakeholders. Independent director has become increasingly important in all corporate decision-making process. The independent directors' decision and judgment are very paramount because they enable a firm to align its corporate strategy with that of the external parties putting at the forefront the basic interest of the company (Keim & Baysinger, 1988). The economy of the role of independent directors in the corporate board has led the Corporate Governance Codes to recommend the inclusion of a reasonable proportion of non-executive/ independent directors in a Board. Hence, the code required them to be professionals, knowledgeable, expertise and to be free from any type of personal business relations which may affect their primary duty of providing independent judgment in the company.

2.6.5 Female Directors and CSR

Various scholars have advanced several reasons in the literature regarding the association between board of directors and firm CSR engagement and why female directors like recommending firm social activities in the conglomeration of their functions in the board. Zahra & Pearce (1989) identified that, aside of the strategic role, control role and service role corporate board members must also act to safeguard the interest of the company they govern by building lasting philanthropic image of the company in the society. Another important reason why corporate board must be focused on social actions as argued by Kassinis & Vafeas (2002) is that, responding to external environment enables the directors on corporate board to play an important role in developing appropriate social responsibility measures that are helpful to the organization

they govern and use such measures in formulating public policy which leads the organization in gaining favorable reputation among its stake-holders (Keim & Baysinger 1988).

Studies on the impact of female directors on the firm CSR involvement have been carried out several years back by different scholars in the literature. However, these studies have reported mixed results. Some of these studies have shown positive effects, while other studies have forwarded negative impact on the presence of female directors on a firm's board of directors and its involvement in CSR. In a study conducted by Richard, Bernardi, Veronica & Threadgill (2010), it was documented that, firms having large proportion of women directors on their board will tend to involve much in CSR more particularly in the aspect of employee's welfare, charitable gifts and donations to orphanages and the overall community developmental efforts.

Various scholars in the literature have attempted to identify the existence of an inseparable relation between CSR and good corporate governance. Majority of them agreed and concluded that CSR is one side of good corporate governance practice (Suciyati, 2010). This followed the conclusions earlier made by Ibrahim & Angelidis (1994) that, unlike male directors who usually focused more on the economic performance of the firm, the female directors on the one hand displayed much concern in the firm social orientation and would always like to see their company involve in CSR programs due to their inherent sympathetic attitude. Ibrahim & Angelidis (1994) has gained much support from various studies in the later days. In line with their findings, a study conducted by Williams (2003) found a positive relationship between women directors on boards and firms' corporate philanthropy. Based on the result, the study concluded that firms having large proportion of female directors on board appeared to be more philanthropic and fully engaged in varieties of social actions such as charity and donations

compared to firms with few female directors on boards. Similarly, Stephenson (2004) also documented that more women on the board leads to substantial increase in the use of non-financial performance measures, such as innovation and social and community responsibility.

In a research conducted by Richard et al (2010) a sample of Fortune 500 companies were used to test whether companies with higher proportion of women directors are more socially responsible. The study discovered the existence of a strong positive association between female directors and CSR. The study further revealed that organizations having female on their board of directors tend to show more sympathy and concern towards social responsibility actions such as donation, charities in the community. The organizations that want to expand their CSR dimensions take female board members on their board so that a soft image of the organization could be developed in the community which will ultimately benefit the organization by other means. Also Bear, Rahman & Post (2010) in their study found that, a large proportion of female board members is positively related to CSR vigorously. This means that, gender-equilibrium in a firm's governing board can influence the level of its CSR investment and disclosure of social costs. But the argument here is that, keeping gender issues prominent in the leadership of a firm may likely affect the quality of its CSR initiatives and other economic issues that relate to its overall performance.

Belen, Silvia, & Silvia (2012) examine the influence of board gender composition on corporate social responsibility of a firm. The study found that boards with three or more women directors were positively influenced firm involvement in CSR. In line with its findings, the study therefore, recommended the urgent need for the inclusion of a large number of women directors on corporate boards. The research claimed to have collected its data across various countries but

failed to control economic viability difference and secondly could not find any theory on which to base its claims.

Asgar (2013) in his study examines how board structure influenced CSR in Pakistan. The study found that having female directors on the board of directors greatly affects firm CSR. Based on this, the study concluded that firms with larger ratio of female directors on board appeared to be more philanthropic. However, the study has neither stated clearly the methodology followed nor the theory adopted to arrive at its conclusion.

More recently, studies conducted by Lilik, Bambang, Sutrisno & Erwin (2014) have shown contrary result. The study examined the effect of board diversity on Corporate Social Responsibility of all public firms listed in the Indonesian Stock Exchange between the periods of 2010-2012 using multiple regression technique. The results of their study showed that among the several variables they studied women directors on corporate board appeared to a have negative effect on CSR.

The fact that majority of the works reviewed above were carried out in advanced countries other than Nigeria, using country cross-sectional data, where the business activities is highly strong, and the level of economic development and human civilization are more matured; therefore, there is every tendency that, their outcomes with regard to the impact of firm attributes and board characteristics on CSR may not be the same to the Nigeria's context due to some differences, hence the need to investigate the situation separately. It is therefore expected that conducting the study in deposit money banks listed in Nigeria may establish distinct results on the impact of firm attributes and board characteristics on CSR.

2.7 Theoretical Framework

The theoretical framework that best explained the relationship among the variable of study is Legitimacy theory and Stakeholders' Theory that was propounded by Edward Freeman (1984). Virtually, there are many theories in extant literatures that have been used to underpin research of this nature. They include Stockholders' Theory, Social Contract Theory, Instrumental Theory, Legitimacy Theory, Slack- Resources Theory, Resource Dependency Theory, Agency Theory and Stakeholders' Theory. These theories are commonly used compactly in analyzing and explaining the nature and purpose of CSR as well as provide answers to the question of what, why and how should business firms embark on CSR. These theories are jointly considered imperative in understanding and justifying the needs for firms' engagement in CSR programs.

2.7.1 Legitimacy Theory

Legitimacy theory was developed to reshape corporate management perceptions about firm community concerns in order to enable their firms to survive long in the business cycle as going concern entity (Gray, Kouhy, & Lavers, 1995). According to legitimacy theory, there exists "social contract" between firm and the society within which the firm carry out its activities. Thus, the proponent of legitimacy theory is on the opinion that the management of the firm must ensure that their operations, decisions or actions are always within the bounds and norms of society, and avoid taking any decision or action that is considered undesirable, harmful, disastrous or inappropriate to the health and safety of consumers, employees, community dwellers and the operating environment (Ugwuiwa and Jimoh, 2012). This theory suggested the need for corporate organizations to respect the law of the land, prevent their physical environment from being damage and avoid unnecessary wastes dump. Legitimacy theory has become the most frequent and useful cited theory while analyzing corporate behavior in relation

to community constructed system of generally acceptable values, norms and beliefs (Gray, Kouhy & Lavers, 1995).

2.7.2 Stakeholders' Theory

The Stakeholders' Theory is an extension of legitimacy theory that forwarded the argument of taking the society into account in every firm action. The proponent of this theory suggested the need for firms to consider not only community but multiple stakeholders' groups in their decisions and actions. These stakeholders are classified into different classes and needs diverse information which firms must cautiously respond to it in a more variety ways. Stakeholders' Theory has indeed become one of the most important and frequently cited theories in CSR research. According to this theory, paying attention to the interest of all stakeholders in a business is a useful way of developing socially responsible behavior by managers and that a socially responsible organization is one in which obligations to stakeholders figure prominently in the decision-making of its managers (Clarkson 1995).

However, this study supports the adoption of Legitimacy theory and Stakeholders' Theory. The research therefore, is of the view that Legitimacy theory and Stakeholders' Theory better explain the variables of the study, hence, adopted them as the theories with the better nexus underpinning the variables of the study. Legitimacy theory on the one hand suggested the need for firms to respect community values and ensure overall corporate community concerns. While on the other hand, Stakeholders' Theory attempted to align the interests of corporate entities and that of all stakeholders. Hence, it has become a subject of empirical investigation among researchers in the recent time.

Stakeholders' Theory described and aligned the organic relationship that exists between firms, their attributes and the society. Uwalomwa, Olubukumola & Ajayi (2011) also discovered

in their research that, the proponent of Stakeholders' Theory has critically examined the ends of organization activities and the means of achieving these ends in a more distinguished way that they are hardly found in many other strategic social and management theories.

Firm attributes and board characteristics differ systematically across firms. Studies conducted by Belkaoui & Karpik (1989), Waddock & Graves (1997), Coffey & Wang (1998), Jastram (2007), Lepoutre & Heene (2006), Udayasankar (2007), Husted & Allen (2007), Krishna (2008), Hsiang-Lin et al (2009), Ponnu & Okoth (2009), Guillaume (2010), Jurica & Lady (2012), Faris et al (2012) and Asghar (2013) have agreed with arguments forwarded by the Legitimacy Theory and Stakeholders' Theory proponents, then added that firms engaging in CSR activity are often bigger in size, highly profitable and have reasonable proportion of independent directors on board. Independent director as part of the board characteristics of a firm is considered relevant in every corporate governing board. They are one of the most important factors influencing the corporate decision process. As part of their responsibility they are expected to provide independent oversight of management performance and to hold management accountable to all stakeholders for its actions. They are expected to take part in all corporate decision making relating to both economic and social commitments or activities which ultimately forms its operations if properly implemented. It is generally believed that board decisions regarding the activities of the firm they govern whether economic or social are considered more effective to all stakeholders concerned when there is a strong base of independent directors' opinion.

Moreover, firms were urged to mind their full scope of impact on communities and the environments when making decisions, balancing the need of multiple stakeholders with that of their businesses. Freeman (1990, p39) identified stakeholders as "those groups of individuals

having unending interests in the overall economic success and failure of the firm". They include employees, suppliers, customers, credit institutions, communities, government and the general public and every other identifiable factor whose influence or action can directly or indirectly affect or be affected by, the operations and decisions of the firm and, who contribute to the income generation, security and other paramount issues that foster in the continuity and ensure the survival of a company. Ability to manage stakeholders and treat them in a more preferred ethically and socially responsible way signifies corporate legitimacy, growth and performance. However, the propositions of some notable researchers like Waddock & Graves (1997) and Campbell (2007) have revealed, with plausible evidence that, many firms will find it more cumbersome to act in a socially responsible ways where their currently liquidity position is in the state of in-balance, or when they are highly levered and unable to record positive increase in their profits, while operating with relatively poor assets size.

2.8 Summary

In this section, conceptual and theoretical issues related to the study were discussed. The various concepts, definitions, relationships and approaches of CSR were reviewed. In addition, several documented studies on the impact of characteristics on CSR were critically reviewed. Gaps were identified and will be filled in later in the course of this research work. Finally, a review of the relevant theories in this section was made and thus enabled the study claimed its base adequately.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This section presents the methodology used in this study. Specifically, the section covers the research design adopted, the methods of data collection used, population of the study, sample size and sampling technique. In addition, tools of data presentation and analysis employed and used in this study were discussed.

3.2 Research Design

The research design employed in this study is correlation design. The choice of the design is informed by the effectiveness of the design in revealing the association of two or more variables and the impact of one variable on another. The study also adopted both historical and descriptive methods. Using historical method enabled the study to have a better understanding on the previous empirical evidence in relation to the study variables, from which the study was able to build its facts. Historical method also enabled the study accessed the historical data in this present research. While on the other hand, descriptive method assisted the researcher in describing, analyzing and interpreting the historical data collected.

3.3 Population of the Study

The population of this study comprised all the sixteen (16) listed Deposit Money Banks in the Nigerian Stock Exchange as at the end of 31st December, 2013. The choice of the banking sector is informed by the fact that the sector is one of the oldest and biggest sectors in the Nigerian economy. It is highly liquid, profitable and is reputed to enjoy continual growth both in size and in operations. Similarly, banks are said to invest much in CSR, thus provided a logical basis for evaluating the relationships between firm characteristics and CSR.

3.4 Sample Size and Sampling Technique

The sample of the study was thirteen (13) Listed Deposit Money Banks in the Nigerian Stock Exchange. The sample was arrived using convenience sampling technique. The technique was adopted to enabled the study accessed only those banks that have complete records of all the data required for measuring the variables of the study within the period covered.

Table 3.1. List of Sampled Banks

S/No.	BANK
1	Access Bank Plc
2	Diamond Bank Plc
3	Eco Bank Plc
4	FCMB Plc
5.	Fidelity Bank Plc
6	First Bank of Nigeria Plc
7	GT Bank Plc
8	IBTC Bank Plc
9	Skye Bank Plc
10	Sterling Bank Plc
11	UBA Bank Plc
12	Union Bank Plc
13	Zenith Bank Plc

Sources: Compiled by the Author

3.5 Source and Method of Data Collection

As mentioned earlier in this study, data was collected from secondary sources through the use of the NSE fact book and published annual reports and accounts of the thirteen sampled Listed Deposit Money Banks in Nigeria for a period of eight (8) years (2006 – 2013). Secondary data was used in this present study because of its objectivity and the quantitative nature of the study.

3.6 Techniques of Analysis

The study used the Generalized Least Squares (GLS) multiple regression technique of data analysis. GLS technique was used because of its efficiency in estimating effects and relationships among variables. Robustness tests for Colinearity and Heteroskedasticity was also conducted using STATA 13.1 as a tool of analysis to ensure reliability of the study results.

3.7 Variables and their Measurements

The study used one dependent and five independent variables. The dependent variable is CSR, while the independent variables include Firm Profitability, Firm Size, Firm Liquidity, Independent Directors and Female Directors of a firm.

The table below presents the summary of these variables and their measurements as used in the study.

Table 3.2: Variables Definition and Measurement

Variables	Measurement
CSR	Was measured by the total amount firms spent on CSR to total assets.
Firm Profitability	Was measured by return on assets (ROA) of the firms as used in Abu Sufuyan (2012), Jurica & Lady (2013).
Firm Size	Was measured by Natural log of total assets as in Jurica and Lady (2011), Abu Sufuyan (2012), Faris et al (2012), Faruk & Shehu(2013).
Firm Liquidity	Was measured by net loan to total deposit and short term borrowing of the sample banks as used in Mabwe & Robert (2010).
Independent Directors	Was measured by the proportion of independent directors to the total number of directors on board as used in Shehu & Ahmad, (2013).
Female Directors	Was measured by the proportion of female directors to the total number of directors on board.

Sources: Compiled by Author

3.8 Model Specification

The model used in the study took the following form:

$$\mathbf{CSR_{it} = \beta_0 + \beta_1 FPROF_{it} + \beta_2 FSIZE_{it} + \beta_3 FLIQD_{it} + \beta_4 FINDP_{it} + \beta_5 FEMD_{it} + \mu_{it}}$$

Where:

CSR_{it} = the total amount spent on CSR to total assets of firm 'I' in Period 't',

β_0 = intercept

β_1- β_5 = Coefficient of the independent variables

$FPROF_{it}$ = firm profitability (Profits after tax /total assets of firm 'i' in period 't')

$FSIZE_{it}$ = firm size (natural log of total assets of firm 'i' in period 't')

$FLIQD_{it}$ = firm liquidity (net loan /total deposit and short term borrowing of firm 'i' in period 't')

$FINDP_{it}$ = independent directors of a firm (proportion of independent directors /total number of directors on board of firm 'i' in period 't')

$FEMD_{it}$ = female directors of a firm (proportion of female directors /total number of directors on board of firm 'i' in period 't')

μ_{it} = Residual or error term of firm 'i' in period 't'

3.9 Justification of the Methods and Techniques adopted

The choice of the design and methods was informed by their effectiveness and suitability for adequate, accurate and accessibility of data and ability of revealing association between two or more variables and the impact of one variable on another. Secondary data was used in this present study because of its objectivity and the quantitative nature of the study. GLS technique was used because of its efficiency in estimating effects and relationships among the study variables.

Listed Deposit Money Banks in Nigeria were selected as the study population because of the fact that the banking sector is one of the oldest and biggest sectors in the Nigerian economy and it is highly liquid, profitable and every day growing both in size and in operation and expected to invest much in CSR, thus providing a logical basis for evaluating the relationship between the firms characteristics and CSR.

3.10 Summary

In this section, the approaches to the research design adopted in this study were presented. Population and sample size of the study and the sources and method of data collection were also presented. The variables used in the study, the methods, techniques and tools of data analysis were specified, used and presented. Finally, the section provides justification for the methods and techniques used in this present study.

CHAPTER FOUR
DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter deals with presentation, analysis and interpretation of data extracted from the annual reports and accounts of the sampled firms for the purpose of testing the hypotheses formulated earlier in chapter one as captured in the model used in this study. Descriptive statistics were used to analyze the sample and data collected. Discussion of findings, policy implications as well as discussion on the various robustness tests for Colinearity and Heteroskedasticity conducted for the variables under study were captured in this chapter.

4.2: Descriptive Statistics

Table 4.1: Descriptive Statistics Result

Variables	Min	Max	Mean	Std. Div	Skewness	Kurtesis	N
CSR	14.256	21.396	18.446	1.497	-0.551	3.268	104
FProf	-0.102	0.106	0.019	0.022	-1.646	13.344	104
FSize	18.000	22.000	20.462	0.870	-0.149	2.716	104
FLiqd	0.132	10.659	0.838	1.651	2.726	25.748	104
FIndp	0.000	5.000	2.212	0.746	0.062	4.053	104
Femd	0.000	6.000	2.596	1.358	0.369	3.022	104

Source: Stata output of Descriptive Statistics (Appendix)

From Table 4.1, the mean value of total amount spent on CSR for all the sample firms is 18.446, with standard deviation of 1.497 implying that the data deviate from both side of the mean by 1.497. The minimum and maximum values of CSR were 14.256 and 21.396 respectively. The results from the table also show that the sample firms have 0.019 average of profitability with standard deviation of 0.022, suggesting that the deviation from mean is 0.022. The minimum and maximum profitability are –0.102 and 0.106 respectively. The descriptive

statistics show that the sample firms have an average size of 20.462, with standard deviation of 0.870, which implies that the data deviate from the mean by 0.870. The minimum and maximum firm size is 18.000 and 22.000 respectively. The average liquidity for the listed deposit money banks in Nigeria during the period of the study stood at 0.838, with the standard deviation of 1.651. The minimum and maximum liquidity position for the listed deposit money banks in Nigeria during the period of the study is 0.13% and 10.66% respectively. This reveals that the activities of the listed deposit money banks in Nigeria during the period of study did not heavily rely on their liquidity position. The table also shows that during the period of the study the independent directors and the female directors for the sampled firms have an average value of 2.212 and 2.596, with standard deviation of 0.746 and 1.358 respectively. The minimum value of both independent directors and the female directors appeared to be 0.000 which is followed by their maximum values of 5.000 and 6.000 respectively. Among the explanatory variables, firm profitability, independent directors and size have the lower standard deviation of 0.022, 0.746 and 0.870 respectively describing higher contribution in CSR investments in listed deposit money banks in Nigeria. While firm liquidity and female directors have higher values of standard deviation indicating low contribution in CSR in listed deposit money banks in Nigeria. The skewness and kurtosis in the descriptive statistics show that the data obtained from all the variables of study were normal. The study is considered valid if premised on valid data, hence this study is considered valid as it was obtained from the reliable data quality.

4.3 Correlation Matrix

The Correlation Matrix is a technique of analysis that explains the relationship between dependent and independent variables and also the relationship between the independent variables themselves. The relationship between the dependent and independent variables were explained in table 4.2 below. The correlation values were obtained from the Pearson correlation using two-tailed level of significance of the following explained and explanatory variables respectively (CSR = Corporate Social Responsibility, FProf = Firm profitability, FSize = Firm size, FLiqd = Firm liquidity, FIndp = Independent Directors and, Femd = Female directors of a firm).

Table 4.2: Correlation Matrix for the Observed Sample

Variables	CSR	FProf	FSize	FLiqd	FIndp	Femd
CSR	**1.0000**					
FProf	**0.1137**	1.0000				
FSize	**0.7249***	0.0891	1.0000			
FLiqd	**0.0601**	-0.0685	0.3247*	1.0000		
FIndp	**0.5928***	-0.0995	0.5215*	0.0114	1.0000	
Femd	**0.5531***	0.0623	0.5087*	0.0764	0.4405*	**1.0000**

Source: Stata output of Correlation Matrix (Appendix)

The correlation matrix as presented in Table 4.2 shows that there was a positive relationship between CSR and firm size, from the correlation coefficient of 72% which is statistically significant at 1% level of significance (p-value of 0.0000). This implies that an increase in firm profitability, could likely have led to an increase in CSR investment of the listed deposit money banks in Nigerian, as the association is positive and highly significant.

The table also shows that CSR is 59% and 55% positively correlated with the ratio of independent and female directors of listed deposit money banks in Nigeria which is statistically significant at 1% level of significance (p-value of 0.000). This implies that as the number of

independent and female directors of listed deposit money banks in Nigeria increase, CSR investment also increase. However, the correlation between liquidity, profitability and CSR was found to be not strong.

The table reveals insignificant relationship between the explanatory variables themselves except for firm size that was positively and strongly correlated with independent directors and female directors of the sampled firms of study to about 52% and 51% respectively. However, this may not be enough evidence to strongly justify the presence or existence of multicolinearity and autocorrelation problems among the independent variables under study before computing the tolerance value and VIF. Where the result obtained from the tolerance value and VIF was above the expected limits and inconsistent with the rule of thumb of less than 1 and 10 then the problems of multicolinearity exist among the independent variables. The tolerance value and VIF were computed to assess the presence of multicolinearity using stata, and the result found was consistently less than 1 and 10 respectively. This evidence is indicating complete absence of multicolinearity and the appropriateness and fitness of the model of study comprising one dependent and five independent variables (Cassey & Anderson, 1999).

4.4 Presentation, Analysis and Interpretation of Regression Results

This section deals with the presentation, analysis and interpretation of regression results obtained from the regression equation of the dependent and independent variables of study (CSR, Firm profitability, Firm size, Liquidity, independent directors and Female directors of a firm). Table 4.3 below presents the summary of the regression results as captured in the model of the study ($CSR_{it} = \beta_0 + \beta_1 FPROF_{it} + \beta_2 FSIZE_{it} + \beta_3 FLIQD_{it} + \beta_4 FINDP_{it} + \beta_5 FEMD_{it} + \mu_{it}$)

Table 4.3: **Summary of Regression Result**

Variables	Coefficient	Z-values	P-value	VIF	TV
Intercept	3.3384540	1.52	0.128		
FProf	2.6932030	0.94	0.347	1.89	0.527847
FSize	0.6398937	5.64	0.000	1.57	0.637680
FLiqd	-0.1402277	-2.64	0.008	1.44	0.693997
FIndp	0.6075707	5.96	0.000	1.19	0.840264
Femd	0.2832331	4.63	0.000	1.06	0.940545
R^2 Within			0.7266		
R^2 Between			0.5254		
R^2 Overall			0.6118		
Wald Chi^2			239.31		
Wald Significance			0.0000		

Source: Stata output (Appendix)

Table 4.3 above indicates that the independent variables (firm profitability, firm size, firm liquidity, independent directors and female directors of a firm) have jointly explained about 61.2% of the total variation in the dependent variable (CSR), from the multiple coefficient of determination (R^2 Overall of 0.6118). Hence, it reveals that about 61.2% of the total variation in CSR of listed deposit money banks in Nigeria was caused by their profitability, size, Liquidity, independent directors and female directors.

The table also signified that CSR, Firm attributes and board characteristics model is fit at 1% level of significance (F-Statistic or Wald chi-squire of 239.31 with the p-value of 0.0000 meaning that there is a 99.9% probability that the relationship among the variables of the study was not just due to mere chance). This by implication means that any increase or decrease (changes) in firm attributes and board characteristics of listed deposit money banks in Nigeria will affect their CSR directly. Wald chi-square is normally used in limiting the distribution ability of the F-statistic when the denominator degree of freedom reaches an infinity level after normalization.

4.5 Robustness test of dependent and independent variables

This section presents the result of robustness test conducted in order for the study to make better the validity of all statistical inferences to be drawn. The test includes multicolinearity test and the test for serial correlation as presented below;

4.5.1 Multicolinearity test

The test for multicolinearity was carried out to investigate whether there was correlation among the explanatory variables which may end up misleading the result of the study. Table 4.2 has presented the matrix showing the linear relationship among the explanatory variable of the study. Variables with higher correlation values from the observation were firm size and Liquidity at (0.3247), firm size and Independent Directors at (0.5215), firm size and Female Directors at (0.5087) and Independent Directors with Female Directors at (0.4405). Despite the fact that some of the correlation values were slightly above 0.50, the threat is however considered not very grievous and intimidating because the correlation between most of the explanatory variables were positive; only a few of them correlate negatively. Therefore, going by the magnitude of the correlation amongst the independent variables, it signifies that, multicolinearity was no longer a serious threat in the sample of the study. Colinearity diagnostic test for tolerance values and the variance inflation factors (VIF) were observed to prove substantial and validate the absence of serious multicolinearity in the data collected.

The tolerance value and the variance inflation factor (VIF) are two advanced techniques of assessing the presence and magnitude of multicolinaerity amongst the independent variables; The tolerance value and variance inflation factor (VIF) were computed using STATA and were consistently found to be less than one and ten respectively, portraying absence of

multicolinaerity among the independent variable of study (Cassey&Anderson, 1999). This also indicated the fitness of the study model with one dependent and four independent variables.

4.5.2 The Hausman test

In order for the study to select or decide with strong and statistical inferences the best, between the fixed effect model output and random effect model output, the Hausman (1978) specification test was conducted. The Hausman test is specifically designed for checking and discovering violation of random effect sampling/ modeling assumption that the independent variables are orthogonal to the unit effect. If there is no correlation between the explanatory variables and the unit effect, then the estimate of β in the fixed effect model should correlate the estimate of β in the random effect model. The Hausman test statistic H is used in measuring variation between two different estimates. Following the null hypothesis rule of orthogonality, H is distributed chi-square with degree of freedom equal to the number of independent variables in the model.

In a situation where $p<0.05$ it implies that at a traditional level of significance, the two models are sufficiently diverse to reject the null hypothesis, and would result in rejecting the random effect model in place of the fixed effect model. Where the Hausman test fails to show a significant difference $p>0.05$, it means that the random effect estimator is valid and free from bias. However, for the purpose of this study, Hausman specification test was conducted and the result obtained from the test revealed that ($p>0.05$); hence the random effect model should be selected and used in favor of the fixed effect model.

4.5.3 Heteroscedastcity Test:Breusch-Pagan/Cook-Weisberg

This test was conducted and used to analyze the null hypothesis with the assumption that all error variance are equal against the alternate hypothesis assuming that all error variance have a multiplicative function of one or more variables in the sampled model. The alternate hypothesis assumed that the error variances raise and fail with the predicted values. The error variances upturns or downturns as the predicted values of Y upturns or downturns. This means that the lower the predicted values of Y, the lower the error variances and vice versa. A bigger value of chi – square signifies the presence of heteroscedasticity problems. The heteroscedasticity test conducted in this study showed that the chi-square value was (4.04) and P-value of (0.0444), which was considerably slim and not significant enough. However, revealed the presence of heteroscedascesticity problem in the study model. This has violated assumption number four of classical linear regression model which emphasized the constant variance in the data. Therefore as a result of the presence of heteroscedasticity, the study conducted a Hausman specification test for Fixed and Random effect model which served as a means of addressing or normalizing the individual disparities within units. This is to enable the study to draw a valid and reliable conclusion.

4.6 Hypotheses Testing and Discussions of Results

This section dealt with presentation of univariate analysis conducted for testing the hypotheses earlier stated in chapter one. Various robustness tests were conducted to analyze the results obtained under several conditions. The tests were made to get findings with greater level of reliability and credibility in this study. Table 4.4 below presents the result used for the hypotheses test in this study.

Table 4.4: Variable coefficient

Variables	Z- Values	P- Values	Tolerance Values	VIF
Firm profitability	0.940	0.347	0.527847	1.890
Firm Size	5.460	0.000	0.637680	1.570
Firm Liquidity	-2.640	0.008	0.693997	1.440
Independent Directors	5.960	0.000	0.840264	1.190
Female Directors	4.630	0.000	0.940545	1.060

Source: Stata output (Appendix)

Table 4.4 reveals that the majority of independent variables are positive in the model (Firm profitability, Firm Size, Firm Liquidity, Independent Directors and Female Directors), except Liquidity that shows negative coefficient. Almost all the explanatory variables in the model are significant at 1% level of significance except for Firm Profitability that is not statistically significant at all levels of significance. This revealed that all firm attributes and board characteristics variables employed and used in the model for this study explain the attitude of CSR of Listed Deposit Money Banks in Nigeria to a large extent except for Firm Profitability. By implication, it means that the study model is fit and the variables were properly selected and used.

The result for each hypothesis is presented below:

Hypothesis 1

H_{01}: Firm Profitability has no significant impact on corporate social responsibility of Listed Deposit Money Banks in Nigeria

Firm Profitability which was measured as the proportion of profits after tax to the total assets is found to be positive but insignificantly associated with CSR at all levels of significance indicating that an increase or decrease in profitability of Listed Deposit Money Banks in Nigeria cannot determine the level of their involvement in CSR. Therefore, Firm Profitability has no significant effect on the CSR of Listed Deposit Money Banks in Nigeria.

The result above with regard to Firm Profitability, which indicates that the variable is statistically insignificant and has no significant impact on CSR of Listed Deposit Money Banks in Nigeria, has therefore provides an evidence of failing to reject null hypothesis one of study.

The result from Table 4.3 shows that Firm Profitability has a z-value of 0.94 and a coefficient value of 2.693204 with an insignificant p-value of 0.347 which indicates that Firm profitability (FPROF) has no significant effect on CSR of Listed Deposit Money Banks in Nigeria. This result of the firm profitability and CSR of Listed Deposit Money Banks in Nigeria is contrary to our expectation that profitability may influence the firms' engagement in CSR. Thus, firms with higher profitability figures are more likely to engage or spend more in CSR than firms recording low profitability figures. But surprisingly, the profitability output in the regression result revealed that profitability does not have significant effect on CSR investment of the Listed Deposit Money Banks in Nigeria. By implication, it means that CSR activities remain the same in all the Listed Deposit Money Banks in Nigeria irrespective of their profits potentiality.

This may be as a result of the fact that deposit money banks in Nigeria were regarded as highly profitable venture, and by convention, they are expected to engage in designing several different products/services that can fetch them huge amount of profits through which they can afford to contribute back part of it to their immediate society in form of CSR. Therefore, small or larger profitability potentials of the sampled banks may not necessarily be an evidence for CSR investment. Thus firms with higher or lower profitability may not necessarily engage in CSR as depicted by the coefficient of profitability in the regression result. This insignificant positive relationship between Firm Profitability and CSR is not peculiar in the literature as it is consistent with findings of Ponnu and Okoth (2009) and Martins & Yunita (2012). However, the result

contradicted the findings of Waddock & Graves (1997), Cambell (2007), O'Riordan & Fairbrass, (2008), Baker, (2008), Robins, 2011, Husseiney et al, (2011), Amole, et al (2012), Jurica & Lady, (2012), Mahbuba & Farzana, (2013), Akano, Jamiu, Olaniran & Timothy (2013) and Ebiringa, Yadirichhukhu Chigbu & Ogochukwu, (2013) who found strong positive relationship between Firm Profitability and CSR.

H_{02}: Firm size has no significant effect on corporate social responsibility of Listed Deposit Money Banks in Nigeria.

Firm Size was measured as the natural log of total assets held by the sampled banks and is found to be positively and significantly associated with CSR at 1% level of significance (p-value of 0.000). This means that Firm Size is associated with the CSR of Listed Deposit Money Banks in Nigeria. Therefore, Firm Size has significantly affected their CSR.

In view of the above outcome reported as regards to Firm Size, it is an indication that the variable is statistically significant in influencing CSR of Listed Deposit Money Banks in Nigeria. This therefore, provides an evidence for rejecting null hypothesis two of the study.

From the regression in Table 4.3, it was observed that the Z-value for firm size (FSIZE) was 5.64 and a coefficient value of 0.63989937 with p- value of (0.000) which is significant at 1% level of significance. This means that firm size has strong positive and significant effect on CSR of Listed Deposit Money Banks in Nigeria. By implication, it means that for every one Naira increase (N1) in the value of total assets owned by the Listed Deposit Money Banks in Nigeria, their CSR will increase by N0.64. This may be as a result of the fact that the banking sector is considered the biggest sector that occupied the largest portion in the Nigerian economy. Nigerian banking sector is highly reputed to enjoy continual growth both in size and in operation and Firm Size has become one of the viable determinant of performance in the Nigerian banks in

terms of loan and liquidity classification. Therefore, it is expected that banks invest much in assets to enable them operate in a larger scale in the economy. This suggested that, size variation with regard to CSR by the Listed Deposit Money Banks in Nigeria, should be considered paramount. This is also in line with the assertion made by Cambell (2007) who stated that firms that are larger in size have more resources at their disposal to tackle various internal or external issues, compete with other larger ones and also dominate the smaller ones to survive in the business environment as going concern entity. The Cambell's assertion hold true in the Listed Deposit Money Banks in Nigeria as the level at which they participate in CSR do solely rely on changes in size. This result supports the work of Ahmed & Nicholls (1994), Orlitzky, (2001) Akhtaruddin (2005), Lepoutre & Heene, (2006), Udayasankar, (2007), Husted & Allen, 2007,Jastram (2007), Lin-Hi (2008), Krishna, 2008, Hsiang-Lin et al, 2009, Ponnu & Okoth, (2009), Hackston & Milne (1996), Alam & Deb (2010), Yao et al, (2011), Bayoud, Kavanagh & Slaughter, (2012), Akrout & Othman, (2013), Shehu & Faruk, (2013), and Narakrisna & Purwaningsih, (2013) that found significant positive relationship between firm size and CSR. The result on the opposite site contradicted the findings of Faris et al (2012), Enny & Yulita (2013) and Ebiringa et al (2013) who found insignificant relationship between Firm Size and CSR.

H_{03}: Firm Liquidity has no significant effect on corporate social responsibility of Listed Deposits Money Banks in Nigeria.

Firm Liquidity was measured as the proportion of net loan to total deposit and short term borrowing of the sampled banks and was found to be negative and significantly associated with CSR at 1% level of significance (p-value of 0.000). This means that Firm Liquidity is significantly and negatively associated with the CSR of Listed Deposit Money Banks in Nigeria.

Therefore, Firm Liquidity has significantly influenced the corporate social responsibility of Listed Deposits Money Banks in Nigeria.

In line with the above displayed result as regards to Firm Liquidity, it showed that the variable is negatively and statistically significant in influencing CSR of Listed Deposit Money Banks in Nigeria. This therefore, provides justification for rejecting null hypothesis three of the study.

The regression result as depicted in Table 4.3 shows that Firm Liquidity have a z-value of -2.64 and a coefficient value of -0.1402277 with p- value of 0.008 which is significant at 1% level of significance. This reveals that firm liquidity has strong negative and significant effect on CSR of Listed Deposit Money Banks in Nigeria. This implies that for every one (1%) decrease for investment in the liquidity level of Listed Deposit Money Banks in Nigeria; their CSR will increase by N0.14. This may be as a result of the fact that the life of Listed Deposits Money Banks in Nigeria solely relies on their deposit – liquidity- loans fluctuation. This is in line with the argument of Mabwe & Robert, (2010), that the level of banks engagement in CSR is determined to a greater extent by the banks' liquidity position which lies at their deposit-liquidity-profitability nexus. And that any change in liquidity position of commercial banks may affect their overall economic activities and performance. The result also supports the findings of Bhunia (2010), Mabwe & Robert, (2010), Philippe, Alexis & Vincent (2012) that reported a significant negative association between Firm Liquidity and CSR, but contradicted the findings of Liargovas and Skandalis, (2008) Maleya & Willy (2013), Nevine (2013) and Huang, Shan & Duchi (2014) who found no significant relationship between Firm Liquidity and CSR.

H_{04}: Independent Directors of a Firm have no significant influence on corporate social responsibility of listed Deposit Money Banks in Nigeria

Independent Directors of a firm which was measured as the proportion of Independent Directors to the total number of directors on the board of the sampled banks was found to be positively and significantly associated with their CSR at 1% level of significance with p-value of (0.000). This indicates that any proportional increase of Independent Directors on the board of Listed Deposit Money Banks in Nigeria may directly increase and influence their CSR involvement.

With respect to the above reported outcome with regards to Independent Directors of the sampled banks, as presented in table 4.3, indicates that the variable is positively and statistically significant in influencing CSR of Listed Deposit Money Banks in Nigeria. This therefore, provides evidence for rejecting null hypothesis four of the study.

The expectation is based on the argument that a larger proportion of Independent Directors on firms' board brings more potential and provides independent judgment to resolve the residual dispute between the primary stakeholders and the external environment. Also a higher proportion of Independent Directors are associated with broad environmental concern which is beyond corporate conventional motive of shareholders profits maximization. Therefore, the result in respect of independent directors and CSR shows a z-value of 5.96 and a coefficient value of 0.6075707 with p- value of 0.000 which is significant at 1% level of significance. This reveals that Firm Independent Directors have strong positive and significant effect on CSR of Listed Deposit Money Banks in Nigeria. This implies that the larger the proportion of Independent Directors in the Listed Deposit Money Banks in Nigeria the greater the investments in CSR. The result further implies that for every one percent (1%) proportionate increase in the

Independent Directors' representation in the Listed Deposit Money Banks in Nigeria their CSR will increase by N0.61. This result supports the findings of Robert (1992), Ibrahim & Angelidis (1995), Coffey & Wang (1998), Johnson & Greening, (1999), Louma & Goodstein (1999), Haniffa & Cooke, (2002), Kassinis & Vafeas (2002), Sembiring (2005), Bughsan, (2005), Lynes & Andrachuck (2008), Dunn & Sainty (2009), Ana & Begona (2009), Joseph & Taplin (2011), Febrina & Suaryana (2011), Anugerah (2011), Ulfi & Fitriyah, (2012), and Asgar (2013) who all concluded that Independent Directors of a firm have significant positive influence on CSR.

H_{05}: Female Directors have no significant impact on corporate social responsibility of Listed Deposit Money Banks in Nigeria

Female Directors which was measured as the proportion of Female Directors to the total number of directors on board is found to be positively and significantly associated with CSR at 1% level of significance with p-value of (0.000). This indicates that an increase in Female Directors' representation on board of Listed Deposit Money Banks in Nigeria has direct impact on their CSR.

Following the above reported result in table 4.3 with regards to Female Directors on the board of the sampled banks it indicates that the variable is positively and statistically significant in influencing CSR of Listed Deposit Money Banks in Nigeria. This also provides enough evidence for rejecting null hypothesis five of the study.

Based on the regression result in Table 4.3, Female Directors have a z-value of 4.63 and a coefficient value of 0.2832331 with p-value of 0.000 which is positively and significantly influencing the CSR of Listed Deposit Money Banks in Nigeria at 1% level of significance. This implies that, the higher the ratio of Female Directors on the board of Listed Deposit Money Banks in Nigeria, the higher their involvement in CSR issues. That is to say, any proportionate

increase in Female representation on the corporate board of Listed Deposit Money Banks in Nigeria will lead to increase in their CSR participation and spending. The result further implies that for every one percent (1%) proportionate increase in the Female Directors' representation on board of the Listed Deposit Money Banks in Nigeria their CSR will increase by N0.61.This may be as a result of the fact that Female are naturally philanthropic. Therefore, a firm with a higher proportion of Female representation may have more tendencies to engage in CSR to portray good image of their natural being. This positive and significant relation is not strange as it is consistent with findings of Ibrahim & Angelidis (1994), Williams (2003), Stephenson (2004), Richard, Bernardi, Veronica & Threadgill (2010), Bear, Rahman & Post (2010), Belen, Silvia, & Silvia (2012), Asgar (2013), and Lilik, Bambang, Sutrisno & Erwin (2014) who discovered the existence of a strong positive association between Female Directors and CSR.

4.7 Discussion of Findings

Firm Profitability was found to have insignificant impact on CSR of Listed Deposit Money Banks in Nigeria. This may be as a result of the fact that banking is considered as one of the most lucrative commercial venture in Nigeria. Therefore, profitability potentials of the sampled banks might not significantly influence their CSR involvement. Thus, a change in the profitability potentials of Listed Deposit Money Banks in Nigeria may not directly affect their CSR as depicted by the coefficient of profitability in the regression result.

This result of the firm profitability and CSR of Listed Deposit Money Banks in Nigeria is contrary to our expectation that profitability may influence a firm's engagement in CSR. Thus firms with higher profitability figures are more likely to respond to CSR issues than those firms whose profitability potential is low. The result also contradicted the propositions of some notable researchers like Waddock & Graves (1997) and Campbell (2007) who proposed that, change in

firm's profitability may cause change in their CSR activity. And that firms that are currently unable to record positive change in their profits will find it difficult to spend more on CSR activities.

Firm Size has been found to have positive effect on CSR of Listed Deposit Money Banks in Nigeria. This is clear evidence that, a firm with a large asset size spend more of its resources in CSR initiatives (Abu Sufuyan, 2012). Bank managers expand the size of the organization they managed since firms that have relatively large assets size would find it less cumbersome to spare more of their resources for CSR activities than the firms having smaller assets size (Waddock & Graves, 1997 and Campbell, 2007).

Secondly, deposit money banks in Nigeria were reputed to have extremely enjoyed continual growth both in size and in operation and size have become one of their viable performance determinants in terms of loan and liquidity classification. Therefore, it is expected that banks invest much in assets in order to have more resources that will enable them to operate in a larger scale and to respond to various economic and social issues concerning their business. This means that, change in assets size with regard to CSR participation in the Listed Deposit Money Banks in Nigeria, has been a matter of management and stakeholders concern. Thus, the preposition of Cambell (2007) who stated that firms only respond to any internal or external issues where their resources increase. These argument holds true in the Listed Deposit Money Banks in Nigeria as the level at which they participate in CSR is determined by their assets size.

Firm Liquidity has been found to have negative effect on CSR of Listed Deposit Money Banks in Nigeria. Considering the way in which Deposit Money Banks in Nigeria operate today, it is not surprising that their social commitments decline when they keep at their bulk much liquid resources. Liquidity on the one hand explains the strength of a firm to cater for its

financial commitments in a timely and effective manner. Liquidity is the blood of a commercial bank and the level of their economic and social activities is determined by their liquidity position (Samad, 2004). It is also argued that decision to embark on CSR issues is supported by resources availability from the improved corporate financial performance (Waddock & Grave 1997). Corporate social performance often represent an area of relatively high managerial interest and discretion, therefore any voluntary social engagement policy formulation may largely depend on the availability of excess resources (McGuire, Sundgren and Schneweisis, 1982, Faruk & Shehu, 2012). Therefore, for a firm to successfully respond to any internal or external pressure, the reserved resources must have a fundamental role to play. The resources that the firms requires to address these economic, social or environmental pressures so as to achieve its specific objectives is said to be slack in nature (David, 2013, and Ravichandran, Shyamala & Sakthi, 2013).

Corporate financial performance stability depends on the relationship between deposit, liquidity and lending. Therefore, change in deposit and loan would cause a change in liquidity and the overall firm performance (Mabwe & Robert, 2010). Since low liquidity signifies huge investment in a bank's assets and change in deposit directly affect the bank's economic and social activities, then under normal circumstances CSR involvement by Listed Deposit Money Banks in Nigeria will depend heavily on and determined by their liquidity position. Therefore, Listed Deposit Money Banks in Nigeria must optimize their liquidity position to avoid running insufficiency or excess liquidity to achieve their economic and social objectives. This disproved the argument of Liargovas & Skandalis, (2008) that only when a firm maintains higher liquidity level that it can respond to various unexpected eventualities and solve its economic, social and legal problems even during the periods of economic depression.

Independent Directors have been found to have positive influence on CSR of Listed Deposits Money Banks in Nigeria. This is in line with the argument of Coffey & Wang (1998), Lynes & Andrachuck (2008), Dunn & Sainty (2009), Ana & Begona (2009), Ulfi & Fitriyah (2012) regarding the relationships between Independent Directors' representation on board and the strategic implementation of corporate environmental, social, and ethical responsibility. The regression result in Table 4.3 signifies independent board members as an important mechanism that determines stakeholder prominence by influencing CSR of Listed Deposits Money Banks in Nigeria. This means that any proportional change in Independent Directors' representation on a board will have an effect on CSR. This might be in line with the argument that Independent Directors play significant role in corporate monitoring and conflict resolution between the corporate management, corporate investors and various other stakeholders group of a firm by reducing opportunistic tendencies by managers behind CSR investment.

Female Directors have been found to have positive influence on CSR of Listed Deposit Money Banks in Nigeria. It is expected that a large proportion of Female Directors on board would have a strong incentive to actively influence firm to spend much of their resources in CSR. This tend to be in line with the submissions of Bear, Rahman & Post (2010), Belen, Silvia, & Silvia (2012), Asgar (2013), and Lilik, Bambang, Sutrisno & Erwin (2014) concerning the relationship between Female Directors' representation on board and CSR which they say is either due to their inherent philanthropic and sympathetic attitude, or fear of community attack back or harm for resource deflation caused by corporate externalities. Moreover, it is believed that firms having a significant proportion of Female Directors on their board of directors tend to show more sympathy towards CSR issues. Therefore, firms that wish to expand their CSR initiatives need to appoint more Female Directors on their board so that a soft image of their

organization can be enhanced in the eye of government, NGOs investors, researchers and the community as a whole (Richard et al, 2010).

4.8 Implication of Findings

The study has several practical and theoretical implications. These implications are expected to provide tremendous contributions to knowledge in general and in particular the Deposit Money Banks in Nigeria, the accounting researches, regulatory agencies, investors and the community members as the findings of the study would serve as an added inputs to them to know how effective, strong and influential those firm attributes and board characteristics are and the extent to which they determine CSR practices.

The findings of this study have significant policy implication as they would assist the Deposit Money Banks' management, directors, regulators and corporate investors, to understand how to intensify their efforts toward redesigning and improving their CSR strategic involvement with respect to size, liquidity level as well as their board structure, in order to position the Listed Deposit Money Banks in Nigeria on a proper direction, that will eventually lead to significant reduction of social and environmental pressures.

The analysis reveals that firm profitability was found to be statistically insignificant in influencing CSR of Listed Deposit Money Banks in Nigeria. This implies that, Firm Profitability do not have a significant impact on CSR of Listed Deposit Money Banks in Nigeria. This implication fails to provide support for Stakeholders' Theory and the argument forwarded by Cambell, (2007) who positioned that decision to conveniently respond to any internal or external demands depend on firm's ability to make profits either huge or low.

The analysis also portrays that Firm Size is positively and significantly influencing CSR. This implies that Firm Size has strong positive and significant effect on CSR of Listed Deposit

Money Banks in Nigeria. This implication has supported the legitimacy Theory that confirmed the existence of social contract between the firm and the society, Stakeholders' Theory that urged corporate entities to minds their full scope of impact to communities when making decision and the formal extension of corporate responsibilities to diverse stakeholders group in addition to traditional economic responsibilities owed to shareholders and the argument of Waddock & Graves, (1997) who argued that firms that have relatively large assets size would find it less cumbersome to commit more of their resources in CSR activities than the firms with poor assets size. This means that firms invest much in assets to enable them operate in a larger capacity and to achieve various economic and social objectives. Based on the regression result in Table 4.3, it is observed that any variation in assets size of the listed deposit money banks in Nigeria will directly affect their CSR activities.

Likewise, the analysis shows that Firm Liquidity is negatively and significantly influencing CSR of Listed Deposit Money Banks in Nigeria. This implies that Firm Liquidity plays an important role in CSR of Listed Deposit Money Banks in Nigeria. This implication also provides maximum support to the argument forwarded by Samad (2004), who stated that firm's ability to respond to both internal (economic) and external (social) pressure is determined to a large extent by the resources available at its disposal specifically reserved for predefined activities. Hence the need for Listed Deposit Money Banks in Nigeria to match their deposit, liquidity level with the available lending opportunities.

Further analysis shows that firm Independent Directors are positively and significantly influencing CSR of Listed Deposit Money Banks in Nigeria. This implies that firms' Independent Directors play a vital role in CSR. The implication of this finding provides support to Stakeholders' Theory that call for social, ethical and legal inclusion of stakeholders in

corporate decision making process and their treatment in a more ethically, socially and responsible ways. Therefore, independent board members as monitors in the corporate board of directors must ensure that the interest of the entire firm's stakeholders is protected (Coffey & Wang, 1998).

In addition to the above, analysis also reveals that female directors are positively and significantly influencing CSR of Listed Deposit Money Banks in Nigeria. This implies that Female Directors play a significant role in CSR of Listed Deposit Money Banks in Nigeria. This implication further supports the assertion made by Bear, Rahman and Post (2010) that large proportion of female board members is positively influencing CSR. Therefore, board gender-equilibrium has significant influence on CSR of Listed Deposit Money Banks in Nigeria.

Lastly, the study will no doubt provide banks' management, investors, and regulators of Listed Deposit Money Banks in Nigeria with valuable planning mechanism and exposed them to firm attributes and board characteristics that positively or negatively influence their banks involvement in CSR activities, thereby apply them appropriately in their corporate strategic plans and decision making process.

CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

This study examined the impact of firm attributes and board characteristics on CSR of Listed Deposit Money Banks in Nigeria. The study employed generalized lease square multiple regression model with the object of explaining, ascertaining and predicting the level of CSR investment as a result of either a positive or negative change in firm attributes and board characteristics of Listed Deposit Money Banks in Nigeria. The model was employed and used to estimate the association and impact of five explanatory variables (Firm Profitability, Firm Size, Firm Liquidity, Independent Directors and Female Directors) on one explained variable (Corporate Social Responsibility).

The study sought to investigate the extent to which firm attributes and board characteristics influence the level of CSR activities in the Listed Deposit Money Banks in Nigeria. The independent variables of this study were firm attributes and board characteristics which constitute Firm profitability, Firm size, Firm liquidity, Independent directors and Female directors. These independent variables were used in formulating hypotheses from one to five. While the dependent variable (Corporate Social Responsibility) was proxy as the total amount spent on CSR by the Listed Deposit Money Banks in Nigeria to their total assets.

The findings of this study were obtained from the panel data collected for the period 2006 – 2013 from a population of thirteen (13) Listed Deposit Money Banks in Nigerian Stock Exchange as at 31st December, 2013. The result shows that four of the independent variables with the exception of firm profitability were strongly and statistically significant in influencing the CSR of the Listed Deposit Money Banks in Nigeria. Three of the four significant

independent variables (Firm size, Independent directors and Female directors) were positive, while Firm Liquidity was negatively significant at 1% level of significance to CSR.

5.2 Conclusions

The study draws its conclusions based on the empirical and statistical evidence arrived upon after the analysis and discussions of the result from the preceding chapter as stated below:

Firstly, the study has empirically provided an evidence for selecting, combining and using five independent variables that formed firm attributes and board characteristics (Firm Profitability, Firm Size, Firm Liquidity, Independent Directors and Female Directors) in explaining and predicting the CSR of the sampled banks.

Secondly, Firm Profitability has positive but insignificant impact on CSR. This means that there is no significant association between Firm Profitability and CSR and that profitability cannot determine the level of CSR investment in Listed Deposit Money Banks in Nigeria. Thus, firms with higher or lower profitability potentials may not necessarily engage in CSR as depicted by the coefficient of profitability in the regression result.

Thirdly, Firm Size has positive and significant effect on CSR of Listed Deposit Money Banks in Nigeria. This is an indication of significant association between Firm Size and CSR, meaning that firm size has strong influence and determines the level of CSR investment in Listed Deposit Money Banks in Nigeria.

Fourthly, the study found a negative relationship between Firm liquidity and CSR of Listed Deposit Money Banks in Nigeria. This means that there is a significant association between liquidity and CSR and that liquidity has strong negative influence and determines the level of CSR investment in Listed Deposit Money Banks in Nigeria. Thus, when the liquidity level of Deposit Money Banks in Nigeria is high, then, their CSR will decline and vice versa. This may be as a

result of the fact that the life of Listed Deposit Money Banks in Nigeria solely relies on their deposit- liquidity- loans nexus.

Fifthly, Independent Directors were found to have a positive and significant influence on CSR of Listed Deposit Money Banks in Nigeria. This signifies that there is a significant association between Independent Directors and CSR of Listed Deposit Money Banks in Nigeria. It is therefore concluded that Independent Directors have a strong positive influence and determine the level of CSR in Listed Deposit Money Banks in Nigeria. Thus, any increase or decrease in the proportion of Independent Directors' representation will have increasing or decreasing effect in the level of CSR investments in Listed Deposit Money Banks in Nigeria.

Finally, the study found a positive and significant association between Female Directors and CSR of Listed Deposit Money Banks in Nigeria. It is therefore concluded that Female Directors have strong positive effect and determines the level of CSR investment in Listed Deposit Money Banks in Nigeria. Thus, having larger percentage of Female Director on board will increase or promote the level of CSR investment in Listed Deposit Money Banks in Nigeria. This could be as a result of the fact that females are naturally generous and philanthropic. Therefore, a firm with a higher proportion of Female Directors' representation may have more tendencies of engaging in CSR to portray good image of their natural being.

Above all, the study concluded that firm attributes and board characteristics have significant influence on CSR of Listed Deposit Money Banks in Nigeria, except Firm Profitability that was found to be positively insignificant. However, the findings of the research underlined the economic relevance of Firm Size, Firm Liquidity, Independent Directors and Female Directors of Listed Deposit Money Banks in Nigeria toward enhancing involvement in CSR by the banks.

5.3 Recommendations

In view of the above conclusions that were made based on the findings, of the study, the following recommendations to the entire stakeholders concerned with the firm attributes, board characteristics and CSR are made.

i The management of Listed Deposit Money Banks in Nigeria should strive to expand their size by acquiring more assets. This is in line with the fact that Firm Size has been empirically found to be a positive and significant factor that determines CSR investment in the Listed Deposit Money Banks in Nigeria.

ii Management of Listed Deposit Money Banks in Nigeria should ensure that their liquidity position is always at optimum level by regulating their deposit – liquidity - loans nexus, as it has been empirically found that liquidity is one of the factors that determines their CSR investment. Since low liquidity in the deposit money banks means large investment in assets and their CSR involvement depends heavily on their current liquidity position, then the Listed Deposit Money Banks should look forward to device means of optimizing their liquidity level and ensure that they neither suffer from lack of nor excess of liquidity to meet their corporate social and economic obligations.

iii Independent Directors were identified as important mechanisms that influenced CSR of Listed Deposit Money Banks in Nigeria. This has suggested the need to have reasonable proportion of independent directors on the board of Listed Deposit Money Banks in Nigeria. Therefore, it is recommended that individual Deposit Money Banks in Nigeria should appoint not less than two Independent Directors on their board. This will serve as an avenue for ensuring full corporate objectivity, fair representation, effective monitoring, strategic implementation of corporate environmental, social, and ethical responsibility, protection of the interest of all stakeholders and the reduction of managers' opportunistic tendencies behind CSR investment.

iv Moreover, since large proportion of female representation on the board of listed deposit money banks in Nigeria was empirically found to be positively influencing their CSR, then the management of these banks should ensure gender-equilibrium by appointing at least three female directors in their governing board. This will surely increase confidence in the mind of investors, community members, regulatory authorities and all other relevant stakeholders that the banks are strongly performing and fairly doing well to the society.

v. Regulatory bodies such as Security and Exchange Commission (SEC) should ensure that Listed Deposit Money Banks regularly and strictly comply with the corporate governance codes in relation to board of directors' appointments, representation, gender equality and overall community involvement in corporate decision making process.

5.4 Limitations of the Study

Hardly study is conducted without facing some research limitations. The result of this research work is subjected to some limitations as follows.

The first limitation encountered in this research work is the methodological loophole. It is obviously important to know that the study is fully aware that there are divergent ways to measure CSR as shown in the literature, but the most common and acceptable way for measuring CSR is by using CSR Rating System usually from the Global Reporting Initiatives (GRI) Index (2002) that was modified by Sutanto (2008). However, due to our inability to gain access to required (GRI) Index that will be used to measure CSR in the Nigerian context, more particularly in the Listed Deposit Money Banks, the research work, was therefore left with the only option of using the available measurement of CSR. Surely, the result and findings of the entire work may have been different and look more robust than it was if the study obtained and used the said

scarce (GRI) Index. Hence, CSR was measured using total amount individual Deposit Money Bank spent on CSR every financial to total assets employed.

Secondly, the study limited itself to Listed Deposit Money Banks in the Nigerian Stock Exchange. Hence, its findings and recommendations were only related and applicable to Deposit Money Banks in Nigeria as the firm attributes, board characteristics and CSR practice may look different in other sectors.

5.5 Suggestions for Further Research

This study examined the impact of firm attributes and board characteristics on CSR of Listed Deposit Money Banks in Nigeria. However, it paved way for further inquiry in the following areas as follows;

The study employed and used only three variables among the firm attributes (Firm Profitability, Firm Size and Liquidity) and two variables as board characteristics (Independent Directors and Female Directors). Therefore, the study suggests the inclusion of many other variables such as Branch Network, Board Size and Foreign Directors by future researchers who might later develop interest to further studies in this area.

The study also limited itself to Listed Deposit Money Banks in the Nigerian Stock Exchange. It is therefore suggested that further studies with respect to firm attributes and board characteristics on CSR should be conducted in other sectors such as Manufacturing, Oil and Gas, or Conglomerates or even conduct a census study in the same Listed Deposit Money Banks in the Nigerian Stock Exchange, as this will enable them to forward more generalized findings and recommendations.

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APPENDIX

```
. xtset id year, yearly
       panel variable:  id (strongly balanced)
        time variable:  year, 2006 to 2013
                delta:  1 year

. su csr fprof fsize fliqd findpd femd bsize, detail
```

csr

	Percentiles	Smallest		
1%	14.37957	14.25602		
5%	15.76854	14.37957		
10%	16.32079	14.69098	Obs	104
25%	17.70046	15.13689	Sum of Wgt.	104
50%	18.51927		Mean	18.44591
		Largest	Std. Dev.	1.496732
75%	19.54903	20.82129		
90%	20.18353	21.23127	Variance	2.240208
95%	20.6914	21.28783	Skewness	-.5511478
99%	21.28783	21.39621	Kurtosis	3.267715

fprof

	Percentiles	Smallest		
1%	-.0540896	-.1028236		
5%	-.018868	-.0540896		
10%	.004223	-.0441202	Obs	104
25%	.0129455	-.0225624	Sum of Wgt.	104
50%	.0233689		Mean	.0195982
		Largest	Std. Dev.	.0224083
75%	.0298968	.0479039		
90%	.0375474	.0509268	Variance	.0005021
95%	.0415599	.0593863	Skewness	-1.645907
99%	.0593863	.1063985	Kurtosis	13.34385

fsize

	Percentiles	Smallest		
1%	19	18		
5%	19	19		
10%	19	19	Obs	104
25%	20	19	Sum of Wgt.	104
50%	20		Mean	20.46154
		Largest	Std. Dev.	.8693606
75%	21	22		
90%	22	22	Variance	.7557879
95%	22	22	Skewness	-.1486533
99%	22	22	Kurtosis	2.716149

fliqd

	Percentiles	Smallest		
1%	.1812672	.1315644		
5%	.2580231	.1812672		
10%	.2859091	.1834602	Obs	104
25%	.3774523	.2245104	Sum of Wgt.	104
50%	.4845549		Mean	.8380675
		Largest	Std. Dev.	1.651199
75%	.5850616	5.494465		
90%	.8096361	7.501012	Variance	2.726459
95%	1.071916	10.14684	Skewness	4.789419
99%	10.14684	10.65852	Kurtosis	25.74773

findpd

	Percentiles	Smallest		
1%	1	0		
5%	1	1		
10%	1	1	Obs	104
25%	2	1	Sum of Wgt.	104
50%	2		Mean	2.211538
		Largest	Std. Dev.	.7461627
75%	3	3		
90%	3	3	Variance	.5567588
95%	3	3	Skewness	.0615917
99%	3	5	Kurtosis	4.053497

femd

	Percentiles	Smallest		
1%	0	0		
5%	1	0		
10%	1	0	Obs	104
25%	2	0	Sum of Wgt.	104
50%	3		Mean	2.596154
		Largest	Std. Dev.	1.325766
75%	3	5		
90%	4	6	Variance	1.757655
95%	5	6	Skewness	.369194
99%	6	6	Kurtosis	3.022531

bsize

	Percentiles	Smallest		
1%	11	10		
5%	12	11		
10%	12	11	Obs	104
25%	13	11	Sum of Wgt.	104
50%	14		Mean	14.625
		Largest	Std. Dev.	2.324156
75%	16	19		
90%	18	20	Variance	5.401699
95%	19	20	Skewness	.6888078
99%	20	21	Kurtosis	2.814443

```
. pwcorr csr fprof fsize fliqd findpd femd bsize, star (0.05) sig
```

	csr	fprof	fsize	fliqd	findpd	femd	bsize
csr	1.0000						
fprof	0.1137 0.2507	1.0000					
fsize	0.7249* 0.0000	0.0891 0.3684	1.0000				
fliqd	0.0601 0.5447	-0.0685 0.4895	0.3247* 0.0008	1.0000			
findpd	0.5928* 0.0000	-0.0995 0.3147	0.5215* 0.0000	0.0114 0.9084	1.0000		
femd	0.5531* 0.0000	0.0623 0.5295	0.5087* 0.0000	0.0764 0.4407	0.4405* 0.0000	1.0000	
bsize	0.2100* 0.0324	-0.1119 0.2580	0.3412* 0.0004	-0.0538 0.5874	0.2757* 0.0046	0.4356* 0.0000	1.0000

First model

```
. reg csr fprof fsize fliqd findpd femd bsize
```

Source	SS	df	MS
Model	150.843846	6	25.140641
Residual	79.897532	97	.823685897
Total	230.741378	103	2.24020755

```
Number of obs =     104
F(  6,    97) =   30.52
Prob > F      =  0.0000
R-squared     =  0.6537
Adj R-squared =  0.6323
Root MSE      =  .90757
```

csr	Coef.	Std. Err.	t	P>|t|	[95% Conf.	Interval]
fprof	2.811894	4.188611	0.67	0.504	-5.50134	11.12513
fsize	1.009547	.144647	6.98	0.000	.722463	1.296632
fliqd	-.1415871	.06006	-2.36	0.020	-.2607896	-.0223846
findpd	.4727169	.1501048	3.15	0.002	.1748005	.7706333
femd	.258999	.0852572	3.04	0.003	.089787	.428211
bsize	-.1021791	.0446178	-2.29	0.024	-.190733	-.0136251
_cons	-2.370895	2.663525	-0.89	0.376	-7.657254	2.915465

```
. hettest

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

         chi2(1)      =     6.72
         Prob > chi2  =   0.0096
```

```
. vif
```

Variable	VIF	1/VIF
fsize	1.98	0.505715
femd	1.60	0.625933
findpd	1.57	0.637483
bsize	1.34	0.743667
fliqd	1.23	0.813120
fprof	1.10	0.907753
Mean VIF	1.47	

```
. xtreg csr fprof fsize fliqd findpd femd bsize, fe

Fixed-effects (within) regression               Number of obs      =       104
Group variable: id                              Number of groups   =        13

R-sq:  within  = 0.7276                         Obs per group: min =         8
       between = 0.4978                                        avg =       8.0
       overall = 0.5975                                        max =         8

                                                F(6,85)            =     37.85
corr(u_i, Xb)  = 0.0652                         Prob > F           =    0.0000
```

csr	Coef.	Std. Err.	t	P>|t|	[95% Conf.	Interval]
fprof	2.498989	2.880798	0.87	0.388	-3.228809	8.226788
fsize	.5913498	.1188576	4.98	0.000	.3550291	.8276704
fliqd	-.1470137	.05535	-2.66	0.009	-.2570643	-.036963
findpd	.6232947	.1027346	6.07	0.000	.4190308	.8275586
femd	.2820378	.0669307	4.21	0.000	.1489616	.4151139
bsize	.0146672	.0389515	0.38	0.707	-.0627789	.0921133
_cons	4.095053	2.241137	1.83	0.071	-.3609284	8.551034
sigma_u	.82556638					
sigma_e	.57114271					
rho	.67630909	(fraction of variance due to u_i)				

```
F test that all u_i=0:     F(12, 85) =    13.33                 Prob > F = 0.0000

. est store fixed
```

```
. xtreg csr fprof fsize fliqd findpd femd bsize, re

Random-effects GLS regression                   Number of obs      =       104
Group variable: id                              Number of groups   =        13

R-sq:  within  = 0.7266                         Obs per group: min =         8
       between = 0.5264                                        avg =       8.0
       overall = 0.6122                                        max =         8

Random effects u_i ~ Gaussian                   Wald chi2(6)       =    237.97
corr(u_i, X)       = 0 (assumed)                Prob > chi2        =    0.0000
```

csr	Coef.	Std. Err.	z	P>|z|	[95% Conf.	Interval]
fprof	2.67462	2.873409	0.93	0.352	-2.957158	8.306398
fsize	.6388569	.1163702	5.49	0.000	.4107754	.8669383
fliqd	-.1404992	.0533618	-2.63	0.008	-.2450864	-.035912
findpd	.6078963	.1024758	5.93	0.000	.4070474	.8087453
femd	.2848998	.0659187	4.32	0.000	.1557015	.4140982
bsize	-.0018331	.037807	-0.05	0.961	-.0759336	.0722673
_cons	3.382024	2.199982	1.54	0.124	-.9298621	7.693911
sigma_u	.75543572					
sigma_e	.57114271					
rho	.63629314	(fraction of variance due to u_i)				

```
. est store random
```

```
. hausman fixed random
```

	Coefficients (b) fixed	(B) random	(b-B) Difference	sqrt(diag(V_b-V_B)) S.E.
fprof	2.498989	2.67462	-.1756312	.2062028
fsize	.5913498	.6388569	-.0475071	.0241887
fliqd	-.1470137	-.1404992	-.0065144	.0147018
findpd	.6232947	.6078963	.0153984	.0072868
femd	.2820378	.2848998	-.002862	.0115948
bsize	.0146672	-.0018331	.0165004	.0093728

```
                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)
                          =  -191.09    chi2<0 ==> model fitted on these
                                        data fails to meet the asymptotic
                                        assumptions of the Hausman test;
                                        see suest for a generalized test
. xttest0

Breusch and Pagan Lagrangian multiplier test for random effects

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

        Estimated results:
                         |       Var     sd = sqrt(Var)
                ---------+------------------------------
                     csr |    2.240208       1.496732
                       e |     .326204       .5711427
                       u |    .5706831       .7554357

        Test:   Var(u) = 0
                                 chi2(1) =    94.92
                               Prob > chi2 =   0.0000
--more--
```

Second model

```
. reg csr fprof fsize fliqd findpd femd
```

Source	SS	df	MS		
Model	146.523985	5	29.3047971	Number of obs	104
Residual	84.2173926	98	.859361149	F(5, 98)	34.10
				Prob > F	0.0000
				R-squared	0.6350
				Adj R-squared	0.6164
Total	230.741378	103	2.24020755	Root MSE	.92702

csr	Coef.	Std. Err.	t	P>|t|	[95% Conf.	Interval]
fprof	4.603	4.203113	1.10	0.276	-3.737941	12.94394
fsize	.9417171	.1446156	6.51	0.000	.6547321	1.228702
fliqd	-.116866	.0603479	-1.94	0.056	-.2366244	.0028924
findpd	.4787685	.1532972	3.12	0.002	.1745552	.7829818
femd	.1978537	.0827035	2.39	0.019	.0337314	.361976
_cons	-2.387814	2.720584	-0.88	0.382	-7.786724	3.011096

```
. hettest

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

         chi2(1)      =     4.04
         Prob > chi2  =   0.0444

. vif

    Variable |       VIF       1/VIF
-------------+----------------------
       fsize |      1.89    0.527847
      findpd |      1.57    0.637680
        femd |      1.44    0.693997
       fliqd |      1.19    0.840264
       fprof |      1.06    0.940545
-------------+----------------------
    Mean VIF |      1.43

. xtreg csr fprof fsize fliqd findpd femd, fe

Fixed-effects (within) regression               Number of obs      =       104
Group variable: id                              Number of groups   =        13

R-sq:  within  = 0.7272                         Obs per group: min =         8
       between = 0.5125                                        avg =       8.0
       overall = 0.6049                                        max =         8

                                                F(5,86)            =     45.85
corr(u_i, Xb)  = 0.0766                         Prob > F           =    0.0000

------------------------------------------------------------------------------
         csr |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
       fprof |    2.471907   2.865495     0.86   0.391    -3.224508    8.168322
       fsize |    .6009186   .1155285     5.20   0.000     .3712556    .8305816
       fliqd |   -.1460236    .055011    -2.65   0.009    -.2553818   -.0366654
      findpd |    .6198345   .101811     6.09   0.000      .417441    .8222279
        femd |    .2915387   .0616826     4.73   0.000     .1689179    .4141596
       _cons |    4.096456   2.229924     1.84   0.070    -.3364861    8.529397
-------------+----------------------------------------------------------------
     sigma_u |   .81503476
     sigma_e |    .5682858
         rho |   .67287398   (fraction of variance due to u_i)
------------------------------------------------------------------------------
F test that all u_i=0:     F(12, 86) =    14.56                 Prob > F = 0.0000

. est store fixed
```

```
. xtreg csr fprof fsize fliqd findpd femd, re

Random-effects GLS regression                   Number of obs      =       104
Group variable: id                              Number of groups   =        13

R-sq:  within  = 0.7266                         Obs per group: min =         8
       between = 0.5254                                        avg =       8.0
       overall = 0.6118                                        max =         8

Random effects u_i ~ Gaussian                   Wald chi2(5)       =    239.31
corr(u_i, X)       = 0 (assumed)                Prob > chi2        =    0.0000
```

csr	Coef.	Std. Err.	z	P>|z|	[95% Conf.	Interval]
fprof	2.693204	2.866595	0.94	0.347	-2.92522	8.311628
fsize	.6398937	.1134184	5.64	0.000	.4175977	.8621898
fliqd	-.1402277	.0531695	-2.64	0.008	-.244438	-.0360175
findpd	.6075707	.102011	5.96	0.000	.4076328	.8075086
femd	.2832331	.0611951	4.63	0.000	.163293	.4031732
_cons	3.338454	2.193386	1.52	0.128	-.9605035	7.637412
sigma_u	.72696013					
sigma_e	.5682858					
rho	.62069386	(fraction of variance due to u_i)				

```
. est store random


. hausman fixed random
```

	Coefficients (b) fixed	(B) random	(b-B) Difference	sqrt(diag(V_b-V_B)) S.E.
fprof	2.471907	2.693204	-.2212966	.
fsize	.6009186	.6398937	-.0389751	.0219793
fliqd	-.1460236	-.1402277	-.0057958	.0141143
findpd	.6198345	.6075707	.0122637	.
femd	.2915387	.2832331	.0083056	.0077398

```
                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(5) = (b-B)'[(V_b-V_B)^(-1)](b-B)
                      =        1.93
            Prob>chi2 =      0.8581
            (V_b-V_B is not positive definite)
```