

T.C.
ISTANBUL AYDIN UNIVERSITY
INSTITUTE OF SOCIAL SCIENCE AND MANAGEMENT
DEPARTMENT OF BUSINESS MANAGEMENT



CORPORATE SOCIAL RESPONSIBILITY
AND
FINANCIAL PERFORMANCE IN DEVELOPING ECONOMY:
THE NIGERIA BANKING SECTOR EXPERIENCE

TEMITAYO ABIODUN AKINDOYIN

SUPERVISOR:
PROF. DR. AKIN MARŞAP

Istanbul, 2014



T.C.
İSTANBUL AYDIN ÜNİVERSİTESİ
SOSYAL BİLİMLER ENSTİTÜSÜ MÜDÜRLÜĞÜ

Yüksek Lisans Tez Onay Belgesi

Enstitümüz İşletme İngilizce Ana Bilim Dalı İşletme Yönetimi MBA İngilizce Tezli Yüksek Lisans Programı Y1112.130018 numaralı öğrencisi TEMITAYO ABIODUN AKINDOYIN'in "CORPORATE SOCIAL RESPONSIBILITY AND FINANCIAL PERFORMANCE IN DEVELOPING ECONOMY: THE NIGERIA BANKING SECTOR EXPERIENCE" adlı tez çalışması Enstitümüz Yönetim Kurulunun 10.12.2014 tarih ve 2014/30 sayılı kararıyla oluşturulan jüri tarafından *Oybirliği* ile Tezli Yüksek Lisans tezi olarak *kabul* edilmiştir.

Öğretim Üyesi Adı Soyadı

İmzası

Tez Savunma Tarihi :29/12/2014

1)Tez Danışmanı: Prof. Dr. Akın MARŞAP

2) Jüri Üyesi : Yrd. Doç. Dr. İlkay KARADUMAN

3) Jüri Üyesi : Yrd. Doç. Dr. Tefik Ercüment İSTEMİ

[Handwritten signatures in blue ink, each followed by a dotted line for the name]

Not: Öğrencinin Tez savunmasında **Başarılı** olması halinde bu form **imzalanacaktır**. Aksi halde geçersizdir.

DECLARATION

I, Temitayo Abiodun Akindoyin, declared that this thesis titled “Corporate Social Responsibility and Financial Performance in Developing Economy - the Nigerian Banks Sector Experience” was entirely carried out by me with the supervision of Prof. Dr. Akin MARŞAP. The study has not been carry out or submitted for degree in any institutions before, either wholly or partly. I duly acknowledged all materials sources of other authors used in this thesis.

Temitayo Abiodun Akindoyin

Date:.....

DEDICATION

I hereby dedicate this study to God for the successful completion of the thesis work. I give you O' Lord all the glory.

I also, dedicate this work to my adorable wife and partner (Temitope O.Akindoyin) and my lovely children (Temiloluwa and Oluwadamilare) for their priceless sacrifices support and prayers that make me successful in this MBA programme.

ACKNOWLEDGEMENT

I again offer my thanks to God who made it possible for me to accomplish this study.

I appreciate the efforts of my main supervisor, Prof. Dr. Akin MARŞAP, who gave me a perfect balance of guidance and freedom in conducting this research. Thank you also for all the life lessons I got from you.

My special thanks also go to Prof. (Dr) Ali Ihsan who has been a great mentor and a father for me since I come to Turkey study for my postgraduate. I appreciate you for your encouragements, professional advice, and intellectual resources I have gained from you in the course of my study and how your input has contributed immensely to the success of this thesis. Thank you and God bless you sir.

I also acknowledge the entire member and staff of International Office Istanbul Aydin University, for all their support, guidance and attention to some challenges that I face as an International student in the University and Istanbul in general, making it comfortable to integrate into the system and making the study environment interesting.

To my spiritual fathers, Pastor Olagoke Ajayi (National Coordinator RCCG Turkey) and his wife, Prophet Omoniyi and other anointed men of God I acknowledge all your effort on me that sail me through this programme successfully, God will continue to be with you.

I also acknowledge the spiritual, fatherly blessings of my father Evangelist S.O Akindoyin which has always motivate me to the top, Olorun aje ki e je ere ise owo yin.

To all my friends and well-wishers I say a big thank you for your support, most especially Mr. Lanre Oriade, Kunle Adenuga, Olumide Ojo (USA), Oyetola Omotoye (UK) and Adetola Adedayo (Brazil) for always encouraging me to move on.

In closing, my profound appreciations goes to my wife and children once again for the great sacrifice to allow me to leave you for almost three years to attend this programme, I pray that God will make you enjoy this sacrifice of your soon IJN. Love you so much.

Temitayo Abiodun Akindoyin

December, 2014.

LIST OF ABBREVIATIONS

AMCON – Asset Management Corporation of Nigeria

BoFIA – Banks and Other Financial Institution Acts

BSR – Business for Social Responsibility

CFP – Corporate Financial Performance

CSR – Corporate Social Responsibility

CEO – Chief Executive Officer

CAMA – Companies and Allied Matter Act

CBN – Central Bank of Nigeria

EFQM – European Foundation for Quality Management

EIA – Environmental Impact Assessment

EMP – Number of Employees

EPS – Earnings per Shares

FEPA – Federal Environmental Protection Agency

GDP- Gross Domestic Product

JETRO- Japanese External Trade Organisation

MNC – Multinational Corporation

MNE- Multinational Enterprises

NAFDAC – National Agency for Food & Drug Administration & Control

NBS- Nigeria Bureau of Statistics

NDIC – Nigeria Deposit Insurance Corporation

NED – Non-Executive Director

NGO – Non-government Organisation

NPC – National Planning Commission

NPL – Non-Performing Loan

NSC – Nigeria Stock Exchange

NPL – Non-Performing Loans

PAT – Profit After Tax

PIB- Petroleum Industry Bill

PLC – Public Liability Company

ROA- Return on Asset

ROE- Return on Equity

SAP– Structural Adjustment Programme

SME – Small and Medium Enterprises

SON- Standard Organisation of Nigeria

LIST OF TABLES

Table 2-1 – Historical & Projected growth rates for GDP, Inflation and Trade in Nigeria	18
Table 3-1 – Drivers of CSR	48
Table 3-2 – Level of Awareness of CSR	56
Table 4-1 – Description of Variables use in Regression Model	66
Table 4-2 –CSR Activities themes	67
Table 5-1 –List of Banks in Nigeria as at 2013	70
Table 5-2 – The CFP & CSR Expenditure of selected Banks in Nigeria	72
Table 5-3 – Total CSR activities component reported by banks	73
Table 5-4 – Regression Result for ROE and CSR Expenditures	86
Table 5-5 – Revised Regression Result for ROE and CSR Expenditures	88
Table 5-6 – Regression Result for ROA and CSR Expenditures	89
Table 5-7 – Revised Regression Result for ROA and CSR Expenditures	91
Table 5-8 – Regression result for PAT and CSR Expenditure	92
Table 5-9 – Revised Regression Result for ROA and CSR Expenditures	94
Table 5-10 –Predictor variable correlation Matrix	95
Table 5-11 – ANOVA table for the variables under review	98

LIST OF FIGURES

Figure 1-1 – Diagram representing organization of the thesis	5
Figure 3-1 – Carroll CSR Pyramid	36
Figure 3-2 – CSR Pyramid and Level of Necessity	40
Figure 3-3 – Corporate sustainability, CSR and the 3P's	42
Figure 3-4 –Elements of Triple Bottom Line	45
Figure 3-5 –Order of CSR layers in Developing countries	54
Figure 5-1 – Chart of Banks CSR Activities in Nigeria	75
Figure 5-2 – Nigeria Banks Total CSR Expenditure	76
Figure 5-3 – Pie Charts of Banks CSR Total Spending	77
Figure 5-4 – Nigeria Banks Social Responsibility Spending	78
Figure 5-5 – Banks Community/Economic CSR Engagement	79
Figure 5-6 – Banks Environmental CSR Engagement	80
Figure 5-7 – Banks HR CSR ENGAGEMENT	81
Figure 5-8 – Banks Size	82
Figure 5-9 – Total Profit after tax of selected Banks	82
Figure 5-10 – Line Chart of ROE and ROA of selected Banks	84

TABLE OF CONTENTS

Title Page	
Approval	ii
Declaration	iii
Dedication	iv
Acknowledgement	v
Abbreviations	vii
List of Tables	ix
List of Figures	x
Table of Contents	
Chapter One	
1.0 Introduction	1
1.1 Organization of the Thesis	3
1.2 Background of the Study	6
1.3 Problem Discussions	7
1.4 Research Questions	9
1.5 Hypothesis of the Study	9
1.6 Objective of the Study	9
1.7 Definitions of Corporate Social Responsibility	10

1.8 Limitation of the Study	12
1.9 Summary of CSR Definitions	13
Chapter Two	
2.0 Introduction	15
2.1 General Information about Nigeria	15
2.2 The Nigeria Economy at a Glance	18
2.3 The Evolution of Nigeria Banking Industry	19
2.4 Nigeria Corporate Governance Implications for CSR	22
2.5 Socio-economic Conditions of Nigeria	23
2.6 The Regulatory Environment for Banks in Nigeria	26
2.7 Nigeria Banking Reforms	27
2.7.1 Critical Elements of Banking Reforms in Nigeria	27
2.7.2 Results of the Reforms	29
2.8 Summary of Nigeria Business Climate	30
Chapter Three	
Literature Review and Theoretical Framework	
3.0 Introduction	32
3.1 CSR Perspective of the West	32
3.1.1 CSR definitions	33

3.1.2 Carroll's Pyramid of CSR	36
3.1.3 Friedman Traditional View of Business Responsibility	38
3.1.4 Necessity of Business Responsibility	39
3.1.5 'Implicit' versus 'Explicit' CSR	41
3.1.6 The Concept sustainability –	41
3.1.7 The European Union View of CSR	43
3.1.8 The dimension of CSR	46
3.1.9 CSR drivers of in the west	47
3.2 The Stakeholder framework	49
3.2.1 Definition of stakeholder	49
3.2.2 The Benefits of CSR to Organizations	50
3.2.3 Summery of CSR from Western Perspective	50
3.3 CSR from Nigeria Perspective	51
3.3.1 CSR-Definitions and drivers in Nigeria	51
3.3.2 Development of CSR in Nigeria	55
3.4 Financial Indicators Selection	59
Chapter Four	
4.0 Research Methodology	61
4.1 Sample Selection	62
4.2 Research hypothesizes	62

4.3 Measuring Corporate Financial Performance (CFP)	63
4.3.1 Research Variables	64
4.3.2 Independent and Dependent Variables	66
4.4 Regression Model	67
4.5 Data Analysis	68
4.6 Validity and reliability	69

Chapter Five

Data Presentation and Analysis of Result

5.0 Introduction	70
5.1 Presentation of data	70
5.2 Descriptive Analysis of the Data	72
5.2.1 Type of CSR activities undertaken by banks	73
5.2.2 Descriptive analysis of CSR expenditure & CFP	75
5.2.3 Social Performance Distribution Analysis	77
5.2.4 Community and Economic Responsibility Distribution	78
5.2.5 Bank Environment Engagement Distribution	79
5.2.6 Employee Relations Distribution	81
5.2.7 Bank Size Distribution	82
5.2.8 Bank's Profit After Tax distribution	83
5.2.9 ROA/ROE Distribution	84

5.3 Analysis of Regression models	85
5.3.1 The Regression Equations	85
5.3.2 Regression equation for ROA	89
5.3.3 Regression equation for PAT	92
5.4 Correlation Analysis	94
5.5 Goodness of fit of the models	96
5.6 Reliability and Validity test	97
5.6.1 Durbin Watson-Test	99
Chapter Six	
Conclusion and recommendations	
6.0 Introduction	100
6.1 Summary of Findings	100
6.2 Limitations of the study	103
6.3 Conclusion	105
6.4 Recommendations	108
References	111
Appendixes	118
Abstract	122
Özet	123

CHAPTER ONE

1.0 INTRODUCTION

Business practice all over the world in the past has been focus on maximization of shareholders wealth through efficient utilization of its resources. To this end, the major expectation of society from firm usually centered on efficient resource allocation and its maximization. However, over the years, business focus has been modified, thereby changing the focus of modern day business managers beyond wealth or profit maximization towards being socially responsible.

The effects of business operations in the society has been shaped by increase competitions, customer's awareness, human right activities, industrial labor agitations, litigations and the media in exposing the unethical activities of the firm in the society and how their activities has impacted negatively on the environment, thereby increasing the awareness on environmental and ethical issues. Thus, today's strategic managers are changing their focus and embracing the ideas of how to develop a good relationship with their customers, host community and also their employee to forestall a smooth operations without jeopardizing production of quality products and service that are environmentally friendly.

The African society is plague with a lot of social problems like bad governance, poverty, low infrastructures, drug abuse, crimes, unmotivated workers, faulty production output, uncontrolled environmental damages or environmental pollutions most especially by multinational corporations and most important unethical business practices by business managers. This means that corporations seeking to operate in this business clime must be ready to tailor their strategy in overcoming and providing solutions to

some of the highlighted issues. It therefore shows that society today are more interested in what the firms do, how it carryout its operations and the effect of its decisions.

Corporate social responsibility is a concept that corporations in Africa and most especially Nigerian firms are adopting just as they have adopted all other management and marketing concept from the West, in other to overcome the problem of community hostility, stayed competitive, has most African and Nigerian consumers are more informed in todays market as a result of recent improvement in internet access and mobile penetration.

However, there is still a wide information gap as to how African and Nigeria firms adopt and practice CSR. In view of this, it is therefore important to investigate, gather, collate and aggregate the contributions of Nigerian corporations CSR practices as it relates to meeting social objectives in a more organized form, using the Nigeria banking industry as a focus.

The importance of CSR as a strategic mechanism for improving the society cannot be overemphasized. Some of such role can be seen in areas of contributing to the community welfare to achieve peaceful coexistence, employment of effective and efficient manpower, creating a plan of action for a better community; by improving peoples livelihood through infrastructural development; enhancing firm's image, minimizing advertisement cost, achieving competitive edge, and increasing corporate identity in the society.

Banking industry in every country is indispensable in the economic development of such country. This is probably the reason why the banking industry is the most regulated of all the industries in most countries.

1.1 ORGANISATION OF THE THESIS STRUCTURE

The thesis is organized into six chapter structure in a chronological order for the smooth reading understanding of the reader. The thesis structures are therefore briefly itemized below:

1. Introduction

This chapter provides the framework, thesis objective, and research Problems. Discuss some brief definition of CSR, linkage between CSR and CFP and also summarize the definitions.

2. Nigeria brief business information

The objective of this chapter is to present a brief important fact about Nigeria and the business climate in which the firms operate. Thus, providing an insight to Nigeria economic, business and social values to would be readers.

3. Literature Review

This chapter covers a review of literatures of the subject from various authors' perspectives; delve into the historical development of CSR from both the developed economy and developing country like Nigeria.

4. Methodology

This chapter explains the method applied by the researcher in data collation, data analysis and examining the validity of the research results. The secondary source of data is obtained from the annual report of eleven selected banks in Nigeria with records of CSR reporting from 2008 to 2013.

5. Data Presentation and Analysis

The results of the empirical findings were presented in a form that can be easily interpreted by readers. Also, the empirical findings are analyzed to provide answers to the research hypothesis.

6. Overall conclusions and Recommendation

In this chapter the findings are highlighted with comments, overall conclusions of the thesis are presented and recommendations given, while further suggestion for future study were stated.

Below is the diagrammatic representation of the organization of the thesis has design be the researcher in fig. 1-1

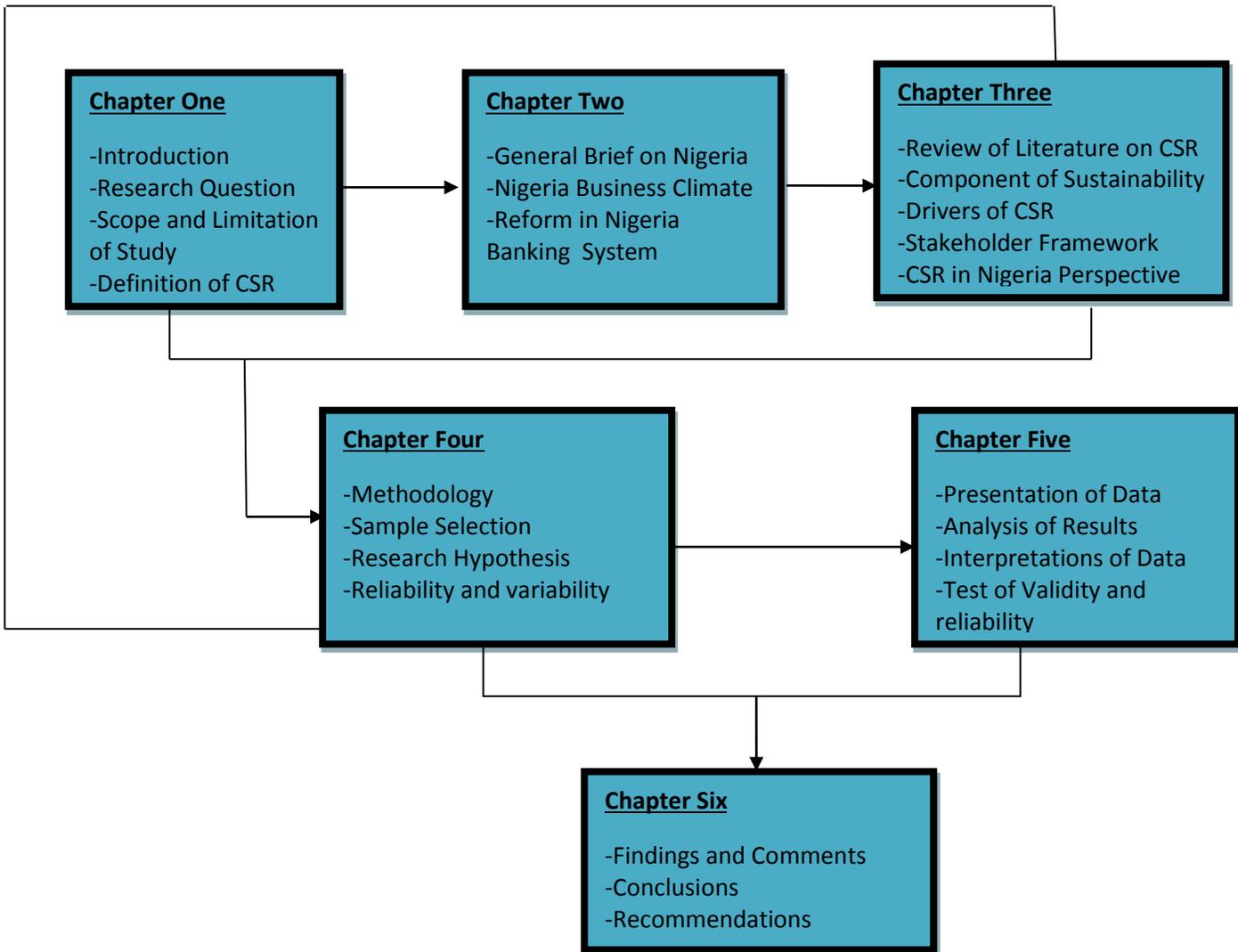


Fig. 1-1 Diagram representation of the Flow of the Thesis

1.2 BACKGROUND OF THE STUDY

Corporate Social Responsibility is a contemporary and highly contextual issue in the Nigerian business society with different views from all stakeholders. The general public believes that if corporations can fulfill its obligations to government by paying all approved taxes and meeting other civic duties are sufficient reasons to exploit the society by organizations. However, over the years the activities of corporations especially the multinational corporations operating in the oil riverine areas of Nigeria has led to pollution in air, water and destroy the farmland of the people in the host community which has raised a lot of agitations from the host community against the corporation leading partial and sometimes total shut down of the corporation operations in those areas. An important case in mind is the Niger Delta crisis, which took a lot of time to resolve by the Nigerian state.

The effect of substantial media reach accompanied with advancement in information technology, especially the internet, has increase the level of public awareness through access to alleged corporate abuses in areas of labor welfare, customer reap-off, unethical sharp practices by corporations management and environmental degradations coursed by the corporations outputs to the air, water and land, such as Shell Oil spills in Nigeria Niger delta areas, the gulf of Mexico in the recent and Nike's exposure of Sweatshop labor conditions in its subcontractor's operations in Asia. This led to negative perception and bad reputations on the firm's corporate image as the public perceived their act as exploitative without a human face.

From the foregoing it behoove on the corporations to start engaging in socially responsible activities in the community they operates, as incessant short down of their operation from labor industrial strike, community hostility has a great effect on their profit performance. This affirm the believe that corporations and society both benefits,

from firms' active engagement in social responsible activities; while organizations benefits in enhanced reputations, the society benefits from executed projects of organizations. In view of this, today's corporations are now seriously involved in engaging in various CSR projects, which had impacted in the society and also improve the profitability of the firms through enhanced reputations and goodwill.

Therefore, this research study seek to find out how CSR are being practice in Nigeria and how it has been able to solve some major social issues in the country using the banking industry in Nigeria as a focus of study. The banking industry has grown over the years and has undergone various reforms in order to win public confidence, this means that economic development of most African nations is dependent on the operations of the banking sector being a mainly a consuming nations. That is most African nations are imported dependent.

The research methodology is both descriptive and analytical. Data for analysis are gathered from secondary sources, which are extracted from available information reported in the Annual reports of selected banks in Nigeria from 2008 to 2013.

1.3 PROBLEM DISCUSSION

Though, several authors and researchers have done considerable studies in developing and improving corporate social responsibility concept with postulations of relevant theories and research methods of analyzing the relationship between corporate social responsibility (CSR) and corporate profitability. However, the Western scholar who has contributed a lot in this research has not been able to arrive at a unified resolution on the effect corporate social responsibility on corporate financial performance (CFI).

In contrast to the western countries, which are characterized by industrial production, improved technology, Nigeria economic structures is predominantly an import base economy driven mostly by the revenues from Crude Oil export. The corporations' survival and growth is dependent on how firms can access and favorable dispose to government policies which are usually in terms of import and export, employee wages, pollution control, quality control, tax and other social responsibilities, which are often not stable.

This study seeks to primarily capture a firsthand knowledge of CSR from a Nigerian viewpoint. The aim is to assess how organizations of Nigeria extractions perceived their responsibilities with and efforts geared toward in attaining stable growth and development in Nigeria, also to seek how both the indigenous and multinationals corporation operating in Nigeria can adapt the most useful aspect of the learning experience of CSR. There have been few literatures and researches on CSR from a developing economy like Africa/Nigeria framework and most previous studies have been examined from a western viewpoint.

Although, some studies on CSR concept in Nigeria have been carried out, but emphasizes have been mostly on the multinational corporation and less on indigenous firms (e.g. Ite, 2007:61,122-129; Frynas, 2000, 2009:36) in Nigeria. It is worthy of note that most of this multinational corporate has a centralized system of operations, which means that there CSR engagement may not actually be addressing the local content of the Nigeria society. The question therefore would be "how does the indigenous Nigeria Corporation practice CSR and what is the expectation of the Nigeria society or public that is required of the firms to fulfill". Also, do we have a Nigerian brand of CSR or its' just caricature of western practices as seen in other management concept?

1.4 RESEARCH QUESTIONS

By researching into the matter of relationship between CSR activities and CFP, it is imperative to assess the influence of CSR on corporate profitability and performance, especially that of the Nigeria banking industry. The underlisted questions are therefore fashioned out to evaluate the relationship between banks profitability and corporate social responsibility engagement:

1. Is there a relationship between CSR and Bank Profitability?
2. What is the influence of CSR expenditure on the overall Corporate Financial Performance of the banking sector in Nigeria (CFP)?
3. What is the impact of CSR activities on ROE and ROA?
4. What is the impact on CSR activities on PAT?

1.5 HYPOTHESES OF THE STUDY

H₀: CSR engagements do not have relationship with Bank profitability

H₁: CSR engagements have a significant relationship with Bank profitability

1.6 OBJECTIVE OF THE STUDY

In reference to earlier discussions above, CSR is about satisfying current social expectations rather than traditional objective of satisfying narrow expectations of shareholders', however, there are still some unresolved questions about how corporate CSR spending affects CFP. The research objectives are as stated below:

1. To find out the existing level of CSR practice of banks in Nigeria
2. To determine the impact of CSR expenditure on CFP of Banks in Nigeria

3. To identify the type of CSR engagement of the banks in Nigeria

1.7 DEFINITIONS OF CORPORATE SOCIAL RESPONSIBILITY

CSR have been described in different ways by various authors in their literatures. From various submissions of the authors, it can be said that there is no universal definition of CSR, which means it a function of the societal perception, as what seems socially accepted in one clime is different in other clime.

Corporate social responsibility is defined as a managerial obligation to engage in activities that protects and improves both the welfare of society as a whole and the interests of the organization. According to the concept of corporate social responsibility, modern day managers must strive to achieve organizational as well as societal goals. This is an important obligation for managers worldwide, including those in emerging economies. However, most of these definitions incorporate the three dimensions of CSR concept, which are - economic, environmental and social dimensions.

What constitute corporations CSR focus varies by business, sector/industry, firms' size, government and regulatory policies, and geographical area? It is viewed by company's management as more than marketing activities, public reactions or other business gesture of the firm. According to World Business Council on Sustainability Development, 1998 described CSR as "the efforts of business corporations to engage in actions and behaviors that are ethically approved by the society and also promote the operating business environment without compromising the economic objectives of the firm.

In the submission of European Union, CSR is holding corporations responsible and accountable for every of its actions and inactions as it affect all its stakeholders." This implies that CSR defines how corporations are held responsible for its operations

and actions to all its stakeholders. In making decisions and balancing the need to take care of shareholders wealth, organization should examine the extent of their operational activities on their host communities and the environment. It means that, CSR explain how corporations should treat their stakeholders both ethically and in a socially responsible manner.

Corporate social responsibility (CSR) and Corporate citizenship are term used interchangeably (the Institute of Chartered Accountants, 2004). However, CSR is a broad and complex concept with several definitions than Corporate Citizenship. CSR broadly define as a business's contribution to sustainable development (United Nations, 2007) by meeting the needs of the present without sacrificing the ability to meet those of the future (The Institute of Chartered Accountants, 2004).

According to Access Banks Nigeria PLC (Access Sustainability Report, 2008), CSR represents the engagement of organization in ethical behavior, promotion of economic development, improvement in employees quality of life while giving back to society through social and infrastructure development that preserve the environment. The management of Access Bank Plc incorporates the CSR philosophy stated below into their corporate strategic thinking which also guide their operations:

“Access Bank Plc is a responsible business that understands the issues that matter to our stakeholders and we address these issues through our business processes, people and activities. We continually integrate responsible business practices into our corporate structures and decision making processes; while creating innovative and proactive solutions to societal and environmental challenges, as well as collaborating with both internal and external stakeholders to improve our performance.”

Thus, the responsibility of the corporate entity is to understand the issue that matter to their stakeholders and find a way to address these issues through their business processes, people and activities.

McWilliams and Siegel (2001:117) recently define CSR as “... *actions that appear to further some social good, beyond the interests of the firm and that which is required by law*”. While the CSR construct is a new term, but not a new practice. This could be traced back to such examples as the Quakers in 17th and 18th centuries whose business philosophy was not primarily driven by profit maximization but by the need to add value to the society at large – business was framed as part of the society and not separate from it. Therefore, the need for managers of firms to research and find out the best practice that will lead to greater sustainability becomes imperative.

1.8 LIMITATIONS OF THE STUDY

This study seek to find out how CSR being practice by Nigeria firms and the similarity that exist in the adoption of CSR in African countries. It does not seek to examine how Western CSR models are adapted in the Nigeria firms or whether the adoption of Western CSR model has failed or succeeded in Nigeria. Thus, the research is narrowed down at examining only firms in Nigeria and not all African firms which can limit the result of the findings.

Another limitation is in the choice of method of data gathering. As the researcher only use information gathered from the annual report of banks, which are obtained from their websites and other medium. The difficulty in and expenses involved in traveling to and from Turkey to Nigeria could not make the researcher also use questionnaire survey

to get information on how the public actually perceived the CSR activities of the banks in questions. Also, due to the fact that only the banking sector is taken into consideration can be a limiting factor in the result of this study. This implies that the study cannot be an extensive benchmark for the CSR engagement by Nigeria firms.

1.9 SUMMARY OF DEFINITIONS

Though CSR is interpreted differently by people or author based on the perspectives to which they view CSR and how organizations views implementations of CSR activities to their strategic goal.

However, looking at the various definitions and explanations given by various authors in the previous pages, I can vividly summarize CSR as a business strategy to set a balance between companies various stakeholders, which include the business environment, staff and customers, shareholders and the host community.

Traditionally, some organization is of the belief that CSR should be seen as a philanthropic gesture by the organization, which makes them to view CSR activities as not mandatory activities but as a gesture to the society. However, other contributions to the study show that CSR is more than just a philanthropic gesture, but should be seen as a strategic management tool for sustainability.

CSR extend beyond profit maximization rather engage in ethical practices that promote well-being of the society and its stakeholders. That is, organization should carry out its business ethically from product designs, manufacturing, recruitments and also reporting.

Therefore, by CSR definitions, CSR propose that an organization has to operate to fulfill its discretionary (Philanthropic), ethical, economic and legal responsibility to be able to strategically positioned and enhance profitability.

In the context of the Nigeria business environment, CSR could be define as the activities corporation engaged in to support government effort in poverty alleviation, reduce unemployment through job creation, youth and women empowerments, and provision of basic infrastructure and amenities for the community in which they operate.

CHAPTER TWO

2.0. INTRODUCTION

This chapter presents brief information about Nigeria, also highlight the Nigeria business structure.

The chapter goes further to discuss and review the banking system and operations in Nigeria, the various reforms that has taken place and how those reforms have contributed in making the banks to be socially responsive and gain good reputations from the stakeholders.

In order to examine the CSR programmes in Nigeria, it imperative to get some important information about Nigeria and to appraise the organizations' structure operational in Nigeria business environment.

2.1 GENERAL INFORMATION ON NIGERIA

Nigeria officially becomes a federating state after its get her independence from the British in 1960. It started with a regional structure which now gives way to state from 12 states in the early 1970's to late 1970's, and now consist of 36 states, with its capital in Abuja. Presently Nigeria is the most populous country in Africa with over 160 million populations according to World Bank report and National Census of 2006.

Nigeria practice parliamentary system of government after independence from the British, but later adopts the presidential system of government as practice in the US, with more power at the central government. Like most African nations, Nigeria has suffered truncation of democracy as a result of incessant coup and counter coup by the Nigeria

Military force after the Civil war which ended in January, 1970. However, Nigeria regained stable democratic governance in 1999 after about sixteen-years of unstable military rule. Nigeria is regarded as the “giant of Africa” because of its numerous populations, the World Bank estimate a population of 168.8 million as at 2012, with an annual growth rate of 2.8%.

Nigeria is inhabited by over 500 ethnic groups with varying languages and customs, out of which the dominant groups are the Hausa, Yoruba, and Igbo. However, because of the varying language differences the Nigerian state has adopted English language as the official language of communication. Though Nigeria is blessed with abundant mineral resources amongst which is crude oil, its however disheartening majority of the Nigeria population below the poverty line. According to a press release by the National Bureau of Statistics Nigeria in Punch Newspaper of 12th July, 2014, an estimated 112.519 million Nigerians live in relative poverty conditions, which is about 67% of the population.

The effort of President Obasanjo during his tenure from 2003 -2007 with his economic team made frantic efforts at paying off the multi-billion dollar Paris Club Debt, which put Nigeria as the First Africa Nation to settle its debts to its official lender. By this act, economic development grows to almost 7 percent in 2005, which was propelled by strong growth in non-oil sector. However, the Nigerian economic climate in 2012 remains intricately tied to two factors: global economic conditions and domestic government spending. The global economy has slowed down considerably since the second half of 2011 as developed economies continued to rein in hefty budget deficits and normalize monetary policies. In its latest report, the World Bank lowered its global economic growth forecast for 2012 to 2.5% from an earlier forecast of 3.6%, citing the European financial turmoil and weak growth prospects in emerging nations. With the

economic conditions in Europe increasingly tending towards a recession, capital flows to developing economies continue to fall sharply and we expect this to continue in 2012 until the Euro crisis is effectively resolved, or at the least stabilized. Recent developments show that many emerging economies continue to cut spending, in response to the high borrowing costs which have persistently made financing fiscal deficits difficult. Nigeria's case however presents a somewhat different picture.

Against the background of the uncertain international economic environment, the first half of 2012 has witnessed positive rebound particularly greater activity in the financial markets (especially the bond market), increased lending to SMEs, improving power supply situation, recovery in real estate growth among others. However, there have also been a number of shocks in the Nigerian economy such as the continued pass-through effects of the increase in pump prices as a result of the partial removal of fuel (PMS) subsidy, periodic fuel scarcity across the country, increase in electricity tariff, increase in import tariffs of some major food items, security challenges and weather variations which support a cautious optimism regarding the country's growth projections in the very short term. An assessment of the cumulative effect of all the above has necessitated a mid-year review of the projected levels and growth rates of major macroeconomic variables, specifically the gross domestic product, inflation rate and value of total trade.

Between 2013 and 2015, the economy is expected to grow in real terms at over 7% given the constraints experienced in 2012 (See table 2-1). However, in 2014, Nigeria's economy (GDP) became the largest in Africa, worth more than \$500 billion, and overtook South Africa to become the world's 26th largest economy, after rebasing the Nigeria GDP by the Nigeria Government.

In 2014, Nigeria's economy (GDP) became the largest in Africa, worth more than \$500 billion, and overtook South Africa to become the world's 26th largest economy. Furthermore, the debt-to-GDP ratio is only 11 percent (8 percent below the 2012 ratio).

Table 2-1: Projected Growth rates for GDP, Inflation and Trade in Nigeria

YEAR	2007	2008	2009	2010	2011	2012f	2013f	2014f	2015f
GDP(%)	6.45	5.98	6.96	7.98	7.36	6.77	7.67	7.43	7.25
TRADE(%)	5.08	16.88	-3	57.49	47.87	-6.5 ¹	5.86	20.6	16.44
INFLATION(%)	5.57	11.98	11.97	13.59	10.91	13.05	12.21	12.04	11.91

Source: Nigeria Bureau of Statistics (NBS) Report 2012

Recent and continued public agitations and criticisms of government fiscal indiscipline may lead to a shift in public spending pattern. While we do not expect a cut back in overall fiscal spend, we are likely to see a more productive allocation of government resources in the medium to long term. Coupled with considerable progress made in reforms to key sectors (power and oil and gas sectors), the main downside risks to output growth in 2012 remain the vagaries of global crude oil prices.

2.2 THE NIGERIA ECONOMY AT A GLANCE

The Nigerian economy grew by 6.61% in 2012, down from 7.43% in 2011, nevertheless outperforming Sub-Saharan economic growth, which averaged 5% in 2012. Fortunately, growing security challenges do not appear to have adversely affected investment flows into Nigeria. In the first nine months of 2012 alone, portfolio investments and foreign direct investment totaling US\$4.6 billion and US\$1.44 billion, respectively, came into Nigeria. Foreign investors controlled an average of 60% of all trading conducted in 2012 on the Nigerian Stock Exchange.

Inflation, which averaged 12.3% in 2012, was attributable to cuts in fuel subsidy as well as increases in import and electricity tariffs. Exchange rates fluctuated between ₦155/US\$ and ₦160/US\$ in 2012. In November 2012, Standard & Poor's raised Nigeria's long-term foreign and local currency sovereign credit ratings to BB-, thus reversing the August 2009 downgrade.

In view of Afrinvest Research, believes that the potential principal drivers of growth in 2012 will be the full privatization of the power sector, passage of the Petroleum Industry Bill (PIB), and wide ranging reforms in the agricultural sector. With approximately 40.0% contribution to GDP, agriculture remains critical to the growth of the Nigerian economy. We would like to see an appreciable improvement in credit flows to this sector, which has historically remained underweight in Nigerian banks' lending portfolio. Overall, we expect strong growth in 2012, averaging 7.0%-7.5% in 2012, with concentration in the last quarters of the year when most of the reform processes would have gained considerable traction.

2.3 THE EVOLUTION OF THE NIGERIAN BANKING INDUSTRY

The African Banking Corporation was the first bank to be established in Nigeria in 1892, which was under the control of the British Colonial masters. However, by the year 1930s, several wholly or partially home-grown banks were established, but the majority of these banks collapsed subsequently. Not until 1952, there were no banking legislations, at which point Nigeria had three foreign banks (the Bank of British West Africa presently known as First Bank PLC, Barclays Bank now known as Union Bank, and the British and French Bank presently known as United Bank of Africa) and two indigenous banks (the African Continental Bank and National Bank of Nigeria). The

Central Bank of Nigeria was established by the CBN act of 1958 and by July 1, 1959 commenced operation and was authorized to regulate the Nigerian banking industry.

The “*indigenization policy*” introduced in the 1970s, with the goal of securing domestic majority ownership of strategically significant sectors of the economy and also to ensure a direct control in the banking system through credit control and interest rate, led to a number of foreign-owned banks to be nationalized, since no indigenous investor/buyer could be found (Beck, et al; 2005).

Following the introduction of the Structural Adjustment Programme (SAP) in 1986, the Nigerian government embarked on a broad programme of financial liberalization. Interest rates and entry requirements (in terms of granting bank licenses) were liberalized, and credit allocation quotas were loosened. The outcome was the dramatic expansion in the amount of banks operating in Nigeria. However, some of these banks attracted a significant share of banking industry and have brought benefits for customers in terms of greater contribution and improved services. Lewis and Stein, (2002) stressed that the number of banks tripled from 40 to nearly 120 in the late 1980s to 90s, employment in the financial services sector doubled and the contribution of the financial system to GDP almost tripled.

By the 90s, the Nigerian banking industry went from boom to bust; this was as a result of the increase in non-performing loans (NPL) and insider lending. Especially the merchant banking sector where most of the foreign exchange speculators were concentrated- and the government owned banks showed increasing signs of distress. The central bank in 1991 introduced new prudential guidelines and also imposed a suspension on new licenses. Towards the end of the 90s, a number of the banks were liquidated either voluntarily or as result of actions of failed bank tribunal established in

1994 by the military government to prosecute cases of misconduct and fraud in the banking industry (Beck, *et al*; 2005).

The recapitalization program introduced by Central Bank of Nigeria (CBN) under the administration of Soludo in July 16th 2004, led to a transformation in the Nigerian banking industry. This reform and policy led to a reduction in the number of banks from 89 to 25 by 2005 ending. Presently, the number of banks now stood at 24 with a strong capital base. The banking licenses of 14 banks were revoked. Nevertheless, the objective of the policy thrust was to build and foster a competitive and healthy financial system to support development and to avoid systematic distress in the Nigerian banking sector (NPC, 2004; Soludo, 2006). The reform was to address: shallow depth of the Nigerian capital market, over-dependence of banking institutions on public sector and foreign exchange trading as sources of funding; somewhat erroneous returns made by banks to the monetary authorities, and noticeable lack of harmony between fiscal and monetary policies (NPC, 2004).

Nigerian banks have seen significant drops in their share prices since the commencement of the banking reforms 3 years ago. Asset quality drags on earnings have seen bottom line figures dwindle significantly as investors continued to price in risk and uncertainty following CBN's sanction of rescued banks. As investors continued to shy away from banking counters in 2011, with significant sell-offs in key names, the sector recorded the second worst annual price performance in 2011, shedding 32.9% with Diamond Bank leading the underperformers' chat.

From the perspective of the CBN's sanitization efforts and their impact on the health of the banking sector, perhaps the most value accretive move in 2011 was the consummation of mergers and acquisitions across the different tiers of the banking

sector which effectively signaled a lasting resolution of the crisis. Despite the underserved nature of the sector and the compelling prospects of a reformed banking system, Nigerian banks now trade at 2012 EP/BV of 0.8x and 0.5x (for top-tier and mid-tier banks respectively), a discount to a basket of emerging market banks which currently trade at 1.4x book.

2.4 NIGERIA CORPORATE GOVERNANCE

This section try to examine and shed more light on the Nigeria Corporate Governance as it's relates to their CSR engagement. It is of note that organizations' are a consequence of their economic and socio environment, which usually influence or shape the corporation's CSR engagement. Understanding the role and implementations of CSR amongst indigenous corporations, it's noteworthy to identify the concept of '*the firm*' within the context of Nigeria. In achieving this, we first examine the characteristics of the Nigeria corporate governance framework, which is the socio-legal contract between the firm and the society; the next step is to explore the economic and socio positions in which these organizations operate within the Nigeria state.

Though the Nigerian Company Law was modeled after UK Company Act law, it has however, been largely interpreted and applied from the perspective of the U.S contractarian model. While there has been some changes in focus of the U.K company law, for example in the area of '*enlightened shareholders value*' and the requirement that companies report on the impact of their operations on other stakeholders such as employees, suppliers, communities and the environment which resulted in the recent Company Law Reform Bill, that is in the process of being taken through parliament, the Nigeria legal framework has not gone the same direction.

The Nigeria Company's Law act is a reflection of the U.S contractarian School of thought which is characterized by enormous authority to the shareholders and greater priority to maximizing shareholders wealth objective. Firms are viewed as a private entity to be run exclusively for the interest of the shareholders. This perspective has been used severally by the Nigeria Courts to rule in favor of the supremacy of the shareholders.

In the area of employee relation, it can be the relationship is more of a master to a servant has handed down by the colonial master. Employer could decide to discontinue with the service of its employee at any time, without a strong rationale, after a due notification, which is not more than one month by statute and usually three months by contract. From this view, one can conclude that adopting and implementing western notion of CSR in Africa nation still has a lot of challenges in the area of responsible employee relations.

Therefore, from the Nigeria corporate governance structures, it's therefore, noteworthy to say: "CSR activities in Nigeria would not be framed from a stakeholder perspective (or socialist model). This implies that, CSR waves such as employee relations or consumer protection is de-emphasized."

2.5 SOCIO-ECONOMIC CONDITIONS OF NIGERIA

Nigeria is richly blessed with inexhaustible natural resources and human capital, with a population of about 168.8 million by World Bank estimated in 2012. The Nigerian is an import base economy, with her major export predominantly on oil industry, which contributes about 95 percent of her foreign exchange earnings. The country is richly blessed with natural resources found in every region.

Prior to independence in 1960s, the primary sources of economic growth of Nigeria have been agriculture, industry and services. This period witnessed the exportation of cash crops, infrastructural development, and an emergence of consumer goods market. This trend continues post-independence of 1960; agriculture was the major industry of Nigeria economy, contributing for over 50% of Gross Domestic Product (GDP) and was the major source of export earnings and government revenue. Following the discovery of Oil in Oloibiri of South-South Nigeria by early 1970s, oil emerged as the leading variable in the national economic scene. Since this period, up to the present Oil has become the dominant product upon which the Nigeria economy relies on for its survival. The product has accounted for 95% of Federal government revenue and has turned the nation to a mono-product economy. Some of the problems oil discovery has brought to Nigeria state include but not limited to the under listed:

- 1) It has destabilized the then emergent viable economic strength of the country as a result of over-dependent on oil, therefore only breeding corrupt governance
- 2) It has unleash continue devastations of the environment in the host community where the oils extractions and exploitations are carried-out - mostly affected is the South-South region of the country, due to pollution of the water and oil spills which have make fishing and farm cultivation fruitless.
- 3) The oil politic has now make Nigeria system to be unproductive has all industry has been liquated and the state are not creative because of over dependent on oil.

Despite being an Oil rich nation, Nigeria still suffers from poor infrastructural development. From underdeveloped road network, to underfunded education system, most Federal and State Hospitals are characterized with low facilities, and the major source of economic driver power under the control of the Federal Government has not been working, making it difficult for people and organization to power their gadget. As a

result of these problems, the cost of doing business in Nigeria is very high. Because as an organization you have to provide the entire infrastructure from power (electricity) to light up your gadget through generator, which involve spending extra cost on diesel or petrol for the generator, also moving goods from one place to the other is very difficult because of bad road. The security situation too, it's nothing to write-home about, a case in question is the issue of dreaded insurgent in the North, high rate of kidnaping in the South-East and South-South. The healthcare systems are not adequately funded with a very low doctor to patient ratio. Nigeria has a weak public sector, characterized by corruption, which has make service delivery in public sector to be very poor. In relations to the standard of the developed economy, Nigeria is face with an almost collapse of most government institutions. Some of such challenges and problems facing Nigeria institutions are – inadequate infrastructure, dilapidated networks of road; poor electricity generations and supply; inadequate physical security; corruption; weak enforcement of contracts, and the high cost of finance.

The history of 'formalized' CSR in Nigeria is traceable to the operations of the oil and gas sector driven by western Multi-National Corporation in Nigeria (MNCs). An example is the case of Shell in the South-South with its CSR activities predominantly centred on resolving the impact of their extractive activities on the host communities, through provision of portable waters, hospitals, schools, etc.

2.6 REGULATORY ENVIRONMENT FOR BANKS IN NIGERIA

As discussed earlier in this section, the issues of corporate governance and board independence have experienced setback both in the public policy and the academic environment in Nigeria. Banks are regulated for the purpose of giving the general public with a system of payment and at the same time funding their operation with deposits. That is, it's imperative for provision of a protective backup to guarantee depositors from the risk of bank distresses (Freixas and Rochet, 2008:308). Prior to the initiation of a code of corporate governance, there were three subsistence legislations that influenced the operations of enterprises; which include:

- 1) The Companies and Allied Matters Act 1990 which highlight the expected functions and responsibilities of managers of all limited liability companies;
- 2) Security and Exchange Commission (SEC) is expected to regulate and develop the Nigeria capital market, maintain good conduct, promote transparency and sanity in the capital market so as to protect shareholders interest; according to the Investment and Securities Act (ISA) 1999.
- 3) the Central Bank of Nigeria (CBN) is empowered by Banks and other Financial Institutions Act 1991 to register, and also regulate Banks and other Financial Institutions.

The above legislations had some evident gaps, which were by no means detailed in terms of corporate governance provisions. A committee was setup in June 2002 by the Securities and Exchange Commission (SEC) in-conjunction with Corporate Affairs Commission (CAC); to develop a draft code of corporate governance to solve the deficiencies prevalent in the earlier existing legislation. A number of recommendations for enhancing corporate governance practices in Nigeria were established when the new code was launched in November, 2003.

2.7 NIGERIA BANKING REFORM

The major crisis in the global financial sector which started in late 2007 as a result of the sub-prime lending in the United States, has been a phenomenal crises that cut across almost all the economies of the world in which Nigeria as a nation was not insulated from its ripple effect. Nigeria was badly affected in last quarter of 2008. A review of what led to the Nigeria banking crisis reveals the underlisted factors below:

- Instability in macroeconomic policy as result of large and unexpected capital outflows
- Corporate governance failures in banks
- Little knowledge on the part of investors and consumers on banking operations
- Insufficient declarations and transparency on the financial status of most banks
- Structure and regulatory gaps
- Irregular administrations, control and enforcement of regulations
- Unregulated governance and management processes at the CBN and,
- Weakness in the overall business environment

2.7.1 Important Element of Nigeria Banking Reforms

The banking consolidation programme was one of the efforts that emerged as a result of the current banking reforms in 2004; the objective is to make the banking industry in Nigeria more solid and stronger and to position it well in the pursuit of economic development. Thus, the consolidation exercise requires banks to raise their minimum capital base from ₦2 billion to ₦25 billion in shareholders' funds unburdened by losses. After the completion of the exercise in 2005, the total number of healthy and financially strong bank was reduced from 89 to 25.

CBN data indicates that average prime lending rates increased from 16.7% in the fourth quarter of 2011 to 17.4% in the fourth quarter of 2012. Similarly, average term deposit rates increased from 5.7% to 7.7% over the same period.

Some of the key policy developments in the banking industry in 2012 include:

1. Increase in minimum Capital Adequacy Ratio (CAR) requirement for international banks from 10% to 15%, while retaining CAR for regional and national banks at 10%
2. Reduction of Net Foreign Exchange Open Position from 3% to 1% of Shareholders' Fund
3. Removal of Automated Teller Machine (ATM) fees for transactions conducted on third-party ATMs
4. The “Cashless Lagos” programme, which was introduced in April 2012. Set a limit on free cash withdrawals and lodgments by individuals and corporate body to ₦500,000 (\$3500) and ₦3,000,000 (\$18,800), respectively, in Lagos State. This initiative is expected to increase Point-of-Sale terminal penetration and usage and push awareness and usage of other electronic channels like Direct Debit, Electronic Funds Transfer, Mobile payments, ATMs, etc.
5. The launching by the CBN of the National Financial Inclusion Initiative in the fourth Quarter of 2012, with the overall goal of reducing the level of financial exclusion from 40% in 2012 to 20% by 2020.

The CBN in conjunction with the Bankers’ Committee, introduce a ‘*Share Services programme*’ with three key objectives:

- the reduction of industry cost-to-serve by 30%;
- increase of access, convenience and service levels across the industry; and

- the achievement of greater financial inclusion and integration of financial services into the economy, with the attendant positive impact on economic development.

2.7.2 Results of the Reforms

Some lofty results have been achieved by the current reforms in banking sector, amongst which include:

1. There is provision for best applications of corporate governance and implementation of risk management amongst banks in Nigeria now, thus giving a positive new mindset to the industry by the public.
2. Remarkable improvement in the transparency and public disclosure of transactions.
3. Recent results of some banks' financial statements have shown that a number of these banks have improved their balance sheets and returned to profitability.
4. As a result of current issuance of bonds through AMCOM, which has brought the injection of ₦1.7trillion (\$10.6Billion) liquidity into the Nigeria banking system, lending to the private sector have gradually commence by most banks, this has helped in redirecting credit to the power sector and SMEs at single digit interest rates. These initiatives have saved and helped create thousands of jobs in the economy.
5. The CBN has issued a directive on tenure of the CEO of banks are expected be a maximum of ten (10) years. More so, all serving CEOs whose tenure would clock ten year by 31st July, 2010 are expected to hand over to their successors.
6. The reform has also made Nigerian banks to be a major player in the global financial market and some Nigeria banks have been rank inthe top 20 banks in Africa and are also amongst the 1000 banks in the world.

7. The reforms have resulted in reducing the gap between the lending and deposit rates to 9.7 percent as at end December, 2011, from 12.2 percent in 2010. This has contributed to the existing macroeconomic stability in the economy with inflation moderating to 8 percent as at end December, 2013.
8. The previously unpredictability in the foreign exchange rate in the market has been brought under control. The premium is within the international standard of 5.0 percent.
9. The adoption of corporate governance code by the banks and exit of distress banks have greatly improve confidence in the banking system.
10. The reform has encouraged expanding the extensive use of e-payment services amongst Nigerians.

2.8 SUMMARY OF NIGERIA BUSINESS CLIMATE

Nigeria though a country richly blessed with abundance natural resources, however, a large part of the population are still living below the poverty line in Nigeria. The oil and gas sector dominate the country's industry, while many others sectors of the economy like- agriculture, manufacturing, have not been funded adequately for many years.

The Nigeria business environment is dominated largely by the SMEs, while the informal sector like trading has accounted for engaging approximately over 80 percent of the country's population. There are lots of challenges encountered by all businesses operating in Nigeria, irrespective of whether it is SMEs or MNEs. Amongst such problems includes, poor and infrastructural decay, poor governance structure, insecurity, unstable government policies are some of the major challenges facing Nigeria businesses. Although of recent, Nigeria has achieved some appreciable growth in her economic outlooks, which was brought about by its home-grown economic reform

programs. Recent rebasing of the economy after about 20 years of revaluing the GDP has placed Nigeria as the largest economy overtaking South-Africa.

The CBN under Governor Sanusi Lamido recently introduce the cash-less policy, as a way of reducing inflation and encourage electronic transaction in Nigeria to reduce cost of transaction.

CHAPTER THREE

REVIEW OF LITERATURE

3.0 INTRODUCTION

The focus of this chapter is to present a review of different literature and theoretical groundwork on CSR, through available reports on corporate social responsibility has practiced in the west, as well as available reports on CSR engagement in Nigerian. Also, the chapter compares the relationship between CSR and corporate financial performance, it's discussed the issue of managerial traits in Nigeria CEO's and how this affects and it's integrated into the CSR activities of the organization in their strategic visions and missions.

3.1 WESTERN PERSPECTIVE OF CSR

Corporate social responsibility is the engagement of an organization in activities other than economic ones, but also engaging in activities which addresses the social challenges prevalent in their host environment and also has a positive impact on the general public. It can be view as recognizing the fact that some organization's outputs adversely affects the people and the environment; therefore, making efforts to remedy the negative effect of such operations becomes imperative for the firm. Corporate social responsibility implies that corporation are held responsible for any action or decisions as it impact on its stakeholders like employee, customers, suppliers, communities and the environment. This means that the negative impact of business on people and society should be recognized and adequately addressed, as much as possible. Sometimes, in situations that firm's social impact is extremely unhealthy to some of its

stakeholders; the firm might decide to forego some of its profits to promote a positive social good.

3.1.1 Corporate Social Responsibility Definitions

Corporate Social Responsibilities [CSR] has lots of definitions with respect to the author's views. It's noteworthy that most of these explanations blend the three dimensions of economic, environmental and *social* concept. That is CSR is defined to cover the economic, environmental and social expectations that an organization must achieved.

Generally, CSR has been defined as an exhibition of some responsible behaviors from the public and the private [government and enterprises] corporations towards the operating environment. According to Business for Social Responsibility (BSR), describe CSR as attaining economic business success through operational activities that promotes ethical values, people, communities, and the natural environment. Thus, in the view of BSR, corporate social responsibility, explain that organizations' should seek to fulfill the law, ethics, economic and other society's presumptions for organizations, and taking decisions that reasonably protects the interest of all key stakeholders. Therefore, CSR in simply means - "**what you do**", "**how you do it**" "**and when and what you say**". From the foregoing, CSR should be an all-encompassing in the corporations' policies, programmes and practices of firm, influencing the supply chain of the firm, and also shape management decision making process of the organization.

What constitutes a corporation's CSR objectives varies by organizations, size, industry and geographical locations. CSR is seen by organizations' management as not just a mere gathering of programmes of marketing, public relations or other business

benefits, but as a strategic concept for gaining competitive edge. In the view of the World Business Council on Sustainability Development (1998), it defines CSR as “the efforts of business corporations to engage in actions and behaviors that are ethically approved by the society and also promote economic development while raising the quality of life of its employees and their families as well as the local community and the society at large”.

In generally, Corporate Social Responsibility, irrespective of the business sector, be it in the banking sector or other business sectors can be summarize as:

1. A combination of policies and exercises that are associated to relationship with key stakeholders, values, compliance with legal requirements, and respect for people, communities and the environment.
2. The engagement of corporations’ to bring about sustainable development.

Corporations’ engagement of corporate social responsibilities should be strategic. As an example a number of world best corporate bodies engage in strategic philanthropy. In other world, this should be established on an underlying compassionate basis. That is, there is need for a mutual beneficial relationship between the company and its host communities. In other word, a need for an existence of informal “*social contract*”, in order for the responsibility not becoming mandatory obligations for the corporation.

CSR is also the social engagement whereby organizations incorporate and engaged in voluntary activities and investments that promote social causes improve community welfare and preserved the environment. From the foregoing, the key distinctive focus on social responsible business perspective of CSR is on discretionary actions, which are not stipulated by laws or regulatory agencies or are simply expected,

as with meeting moral standards. Corporation's stakeholders can be describes typically to include- company's employees, suppliers, distributors, non-profit and public sector partners as well as members of the general public. Also, "*well-being*" represents the health and safety, as well as psychological and emotional needs of the organizations' stakeholders.

In the view of European Commission, CSR involves organizations incorporating "social and environmental responsibilities into company's operations and in their interaction with stakeholders on a voluntary basis". Main focus of this definition centered on the word "**voluntary**"; that is, CSR should be a voluntary engagement.

In the work of Milton Friedman, he referred CSR as a "fundamentally subversive doctrine" that is when a firm engage in CSR activities, its' tend to undermine the interest of their shareholders, that is managers must strive to fulfill the economics and ethical responsibility as a major priority for its CSR goal. Thus, by Friedman assertion, he state that:

"The main social responsibility of business is to use its resources optimally by engaging profitable activities in as much it stays within the rule of the game that is open to free competition devoid of deception or fraud".

Therefore, definitions of CSR from the contributions of various authors are view in different dimensions; each authors view is relevant, and are planned to suite the organization in question. Most of these explanations combine the three dimensions of: *economic, environmental and social*. This is also referred to as the triple bottom line.

3.1.2 Carroll's Pyramid of Corporate Social Responsibility

Carroll's (1991) CSR Pyramid model postulates that CSR comprise four forms of social responsibilities, which include; economic, legal, ethical and philanthropic.

Carroll believes framing CSR to embrace the entire ranges of business responsibilities of an organization. In the works of Carroll, he postulates that CSR is made up of four main important responsibilities that are expected of a company to fulfill, which includes- social, economic, legal, ethical and philanthropic. These responsibilities are depicted on a pyramid as given in figure 3-1 below.



Fig 3-1: Carrolls Pyramid of Corporate Social Responsibility (Carroll, 1991 with Modification)

From the above figure 3-1 Carroll CSR pyramid view corporate social responsibility as been organize in ways to accommodate the whole operations of corporate responsibilities. Just like the Maslow hierarchy of need, Carrolls also illustrated

these four responsibilities on a pyramid. The economic responsibility, which forms the base of the pyramid, refers to the responsibility of the corporation to make profit. The legal responsibility is the next to economic on the pyramid and refers those laws and regulations that the corporation is expected to comply with by the society. Both economic and legal responsibilities are referred to as ‘the required’ responsibility of corporation. In the degree of necessity – Economic is a “***Must do***” responsibility of the firm, while Legal is a “***Have to do***” responsibility of the firm.

An ethical responsibility describes corporations’ engagement in approved values and norms based on societal belief in carrying out their operations. That is, the societal expectations of organization to encapsulate values and norms; which might sometimes established a higher standard of performance than required by law. The ethical responsibility is refers to as “***expected or should do***” responsibility.

At the top of the pyramid is the Philanthropic responsibility, which describes those activities that project the company as a good corporate citizen, which are anticipated from the organization. That is, those voluntary engagements of corporation to the community or society in which they operate. Thus, in term of necessity philanthropic is describe as “*discretionary or charitable*”, “*desired*” or “*Might do*” responsibility. Which means, the CSR activities of the firm at this level are voluntary and its base at the firm’s discretion, so they can do it or not do it?

3.1.3 Friedman Traditional View of Business Responsibility

In the view of Milton Friedman, in supporting a laissez-faire view worldwide economy, which is centered on shareholders maximization with a minimum of government regulations, argues against the concept of social responsibility. According to Friedman a business manager who acts “responsibly” by engaging in reducing the price of the firm’s product to prevent inflation, or by making expenditures to reduce pollution, or by hiring the hard-core unemployed, is believe to be spending the shareholder’s money for a general social interest rather for economic interest. Though, his actions could be approved or back by the shareholders to do so, he or she is still acting from motives other than economic, and which may in the long run, harm the very society the firm is trying to help.

Thus, for firm’s to take on the burden of these social costs, the business could become less efficient—either prices go up to pay for the increased costs or investment in new activities and research is postponed. The resultant effect could adversely affect the long-term efficiency of a business. Therefore, according to Friedman, social responsibility of business is referred to the as a *“fundamentally subversive doctrine”* and stated that:

“The main social responsibility of business is to use its resources optimally by engaging profitable activities in as much it stays within the rule of the game that is open to free competition devoid of deception or fraud”.

3.1.4 Necessity of business responsibilities

As an analogy into the Maslow hierarchy of need pyramid, Carroll itemize the four main business responsibilities in order of priority? Therefore, Carroll's believe that the goal of a business organization is to achieve its expected profit in order to satisfy its economic responsibilities. And as pre-requisite to continuous existence, the firm must operate by the law, that is, fulfilling its legal responsibilities. Research has shown that companies found guilty of breaking the laws, usually experience lower sales growth resulting in declining profits after conviction. In agreement with Friedman these two basic responsibilities of business is supported by Carroll. However, Carroll goes further by arguing that the responsibilities of business managers go beyond economic and legal ones.

According to Carroll having satisfied the two basic corporate responsibilities, then a company could go further to meet its social responsibilities. Therefore, Social responsibility includes both the ethical and discretionary/philanthropic, but not economic and legal, responsibilities. After a company has satisfy its economic and legal responsibility, which are regarded as required, it can goes further to make effort to fulfill its ethical responsibilities by taking actions that society tends to value but has not yet been put into law. After the ethical responsibilities are satisfied, a firm can go further on fulfilling discretionary responsibilities - that is, purely voluntary actions that society has not yet decided are important. The figure 3-2 below depicts how the four business responsibilities are necessary in the pyramid.

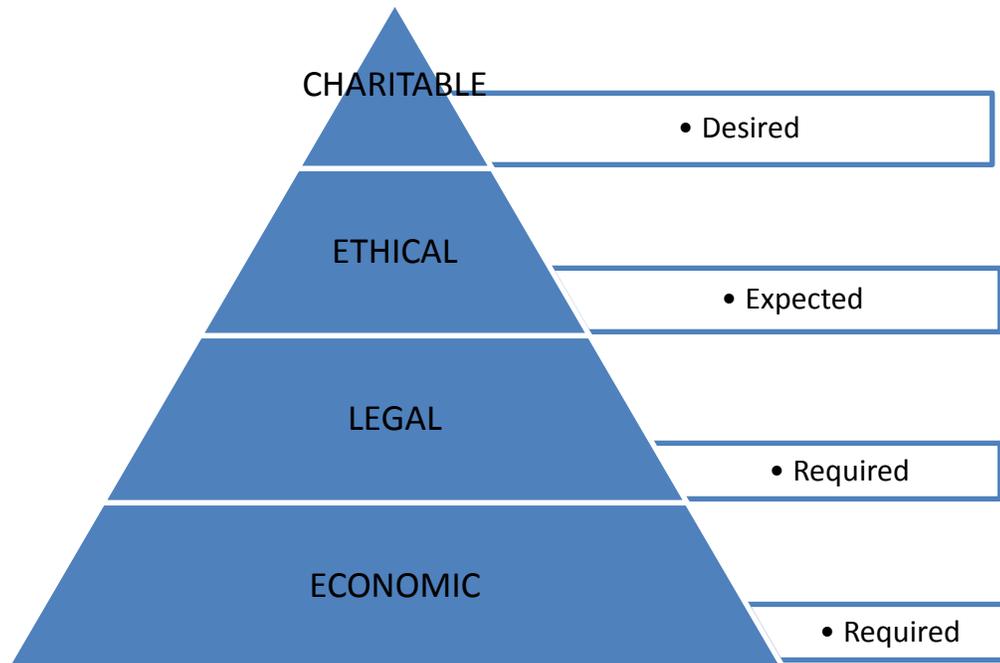


Fig 3-2 CSR Pyramid and level of Necessity

From both Friedman and Carroll perspective, they base their argument on how socially responsible activities directly or indirectly affect the firm's profits. In Friedman view, socially responsible activities impede on efficiency of organization. While, Carroll proposes that when a company is not engage in social responsibility activities, may results in increased government regulations, which in turn reduce a firm's efficiency. In todays' business world, Friedman's position on social responsibility appears to be losing traction amongst business managers.

3.1.5 Implicit Versus Explicit Corporate Social Responsibility

In understanding the concept of social responsibility from the “implicit” and “explicit” view we look at the report of Dirk Matten and Jeremy Moon (2008). Explicit CSR explained that corporations adopt social policies that focus on what meet the society’s interest. In other words, explicit CSR represent a voluntary activities, or self-preoccupation of the firm which are driven by corporate social responsibilities policies and strategies.

On the other hand, implicit CSR can be view as official and unofficial groups that appropriate an agreed share of responsibility for organizations’ operating in a particular country, with the objective of meeting societal interest and concern. Implicit CSR represent those values, norms and rules that forms the corporations’ requirements for addressing those social areas that are important to stakeholders. It therefore means, that Explicit CSR represent the discretionary responsibilities that corporation should meet, while the implicit CSR represents the ethical issues that business must fulfill.

3.1.6 The Components of Sustainability - The Triple Bottom Line

In the traditionally view, the term sustainability refers to the ability of a company to maintain a steady and improving stream of revenue. However, in the recent, the term is often used in a much different way. In today’s modern business, sustainability is seen as the degree to which a person or organization can meet its present needs without compromising the ability of other people or entities to meet their needs in the future.

Therefore, sustainable development can be refers to as a developmental efforts geared towards meeting the societal present need and ensuring the future generations ability to fulfill their own needs are not affected negatively. The concept of

sustainability in generally emerges from the ecological and environmental concern, which describes how to manage physical resources in order to conserve them for the future. Therefore, economic sustainability can be described as economic potential of the organization. However, in a comprehensive perspective, economic sustainability encompasses the organizations' effects on the economic structure in which it is operating.

The concept of triple bottom line explains that apart from profitability objective, companies also must pursue the goals of achieving societal and environmental values to society. The term *Triple Bottom Line* is also known as People, Planet and Profit, or the three P's (Marrewijk, 2003). Figure 3-3 below shows how this concept is represented within the corporate sustainability framework.



Figure 3-3 Corporate Sustainability, CSR and the three P's (Marrewijk, 2003 p. 101)

Figure 3-3 depicts the relationship of the three P's, CSR and Corporate Sustainability. According to Marrewijk (2003:101), he further argues that Corporate Sustainability is the ultimate goal- meeting the requirements of the present without compromising the ability of future generations. Moreover, Marrewijk claims that CSR is

an intermediate stage where corporations try to balance the three P's. An advantage with the Triple Bottom Line, according to the concept's supporters, in relation to CSR is that Triple Bottom Line is measurable and can be used for comparison between companies. However, according to Norman and MacDonald (2004) and Meijer and Schuyt (2005) this is not the case since different scores for different areas cannot be added together to a net sum that is relevant.

In other word, the term triple bottom-line emphasizes that managers should focus on building organizations that are sustainable in economic, environmental, and societal activities. Essentially, the overall degree of sustainability achieved by any organization is judged by collective accomplishments in all three of these areas. If any one area is lacking in sustainability, the organization as a whole is lacking in sustainability.

3.1.7 CSR - The EU definition

According to European Foundation for Quality Management [EFQM] describe CSR as “a conglomeration of principles that corporations are presumably recognized to show in their activities. Some of such fundamentals includes- respect for human rights, treating the employee well, satisfying the needs of customers, and ensuring good suppliers relations, while maintaining reputations for good corporate citizens of the communities in which they operate and conservation of natural environment”. These fundamental variables are not merely view as ethically and morally beneficial, which should also forms the components of corporation's philosophy; but should also represent an important factor that guarantee the survival of the corporation in the long term in the society.

In view of the EFQM framework, the impact of business operations should not only be focused on shareholders' interest but consideration must be all encompassing to include other stakeholders like consumers, suppliers, staff, members of the host community of firm's operations, and even the immediate environment. It is a deliberate attempt geared towards supporting the host society. Thus, it's a way of showing gratitude to all the company's stakeholders.

EFQM framework identifies some common characteristics for CSR which are presented below:

1. Satisfying the current interest of her stakeholders, that will ensure the capability of it not affected.
2. Company's CSR engagement should be voluntary, not mandated by law, as it benefits should be viewed in the long-term rather a short-term for the organization.
3. Companies should incorporate the social, environmental and economic responsibilities into their strategic plan to reflect in their day-to-day business operations.
4. CSR should be accepted as an important task which should be incorporated into the overall corporate strategy.

CSR according to EFQM is seen in three dimension of – social, environmental and economic. These three elements are similar to the Triple Bottom Line: people, planet and profit. Social attend to the people, economic takes care of the profit while environment handle the planet. Figure 3-4 below shows the three dimensions and how they overlap to relate with each other.

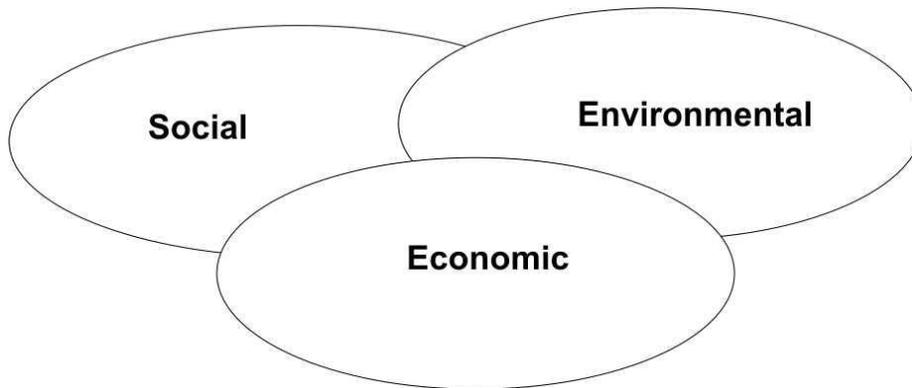


Figure 3-4 *Elements of the Triple Bottom Line* (Edvardsson, Enquist, & Hay, 2005 p. 5)

- 1. Economic responsibility:** this focus on corporation maintaining integrity, engage in good corporate governance practice, economic improvement of the society, transparency, discourage unethical behavior and corruption, payment of approved fees and levies to appropriate authority, responsible purchasing, and encourage local workforce employment. These seek to fulfill the economic, legal and ethical responsibility of firm.
- 2. Social Responsibility:** focus on human rights, labour rights, training and developing local labour, contributing expertise to community programs and similar, to fulfill ethical and discretionary responsibility.
- 3. Environmental responsibility:** deals with those precautionary methods that organization should adopt to prevent or minimize adverse impacts of business operations, championing good initiatives, boosting substantial responsibility on environment, building and promoting environmentally friendly technologies.

3.1.8 A Three Dimension Definition of CSR

CSR is describes as concept which integrate three separate schemes, namely Sustainability, Corporate Accountability and Corporate Governance. Sustainability, which came into corporate focus as a result of the postulation from collective views of various speakers and participants at a United Nation meeting of 1992 in Rio de Janeiro and the Agenda 21; describes how corporations' should manage and maintain a balance in social, economic and environmental issues in the society to foster the long term survival of the corporation.

Corporate accountability is being accountable to the stakeholders of an organization, which may include shareholders, employees, suppliers, customers, the local community, and even the particular country(s) that the firm operates in it. That is, corporate accountability typically implies that corporate behavior is influenced by pressure exerted by social and governmental actors beyond the company itself. Such actors can adopt a range of strategies, including but not limited to the mobilization of legal mechanisms to enforce social standards.

Corporate Governance is used to define how a corporations' carryout it operations. That is, it covers the areas of transparency, and trustworthiness in the long run to enhance the corporate goodwill. Bowen (1953:22) coined his definition from the ethical point of view. That is, corporate Governance (CG) is the obligation of organization to pursue policies, make decisions, or engage in those actions that are useful to the corporate objectives and social values of the society. It therefore means organizations should be ready to take responsibility for all their actions. Thus, by social responsibility, organizations are expected to harmonize between the benefits to derive from engaging in social responsible activities and the costs accruable to achieving those benefits.

However, social responsibility differs in forms from one society to another. That means corporations CSR should reflect cultural values of the host society. For example, a justifiable social action in Japan may be at variance in form from that of Germany, Brazil or Indonesia. Japanese corporation have exhibited a model corporate citizens on many aspect of Corporate Social Responsibility. Amongst such social endeavor include support for local community, and other philanthropic gestures, which have promote their goodwill in the communities operation.

Increasing campaign on green production, as shown that organizations that have a good record of social and environmental policies are likely going to have a better performance in the long-run than firms that don't integrate such into their business policy. Modern day consumers are more aware of the effect of environmental hazard corporation's output course to the environment and their health, to this end they will like to patronize any company that incorporate social and environmental concern into their operations and production process than company with low regards for environmental and social factors.

3.1.9 The drivers shaping CSR in the Developed Economy

Since, the objective of corporation is to meet customers demand and wants through exchange process that improves the firms' revenue and profit in the long run. Therefore, the customers form the primary driver of CSR organizations. The keen competition in the market place, which provides choice for the customers, has forces organization's towards the creation of new values. Consumers demand that company come up with responsible products with fair price that add value to the customers.

The influencing drivers of CSR in the west are divided into the internal and external drivers. The external drivers include globalization, environmental challenges, the international initiatives geared towards achieving sustainability undertaken by the business community, governments political activities plays an important role in supporting management guidelines on sustainability, and also persistent demand from the investors and the NGOs (non-governmental organisations).

While some of the internal drivers includes; management of risk and brand reputations, operational costs and revenue targets, customers demand for improved quality, increase pressure from employees for improved welfare, and finally the need to gain competitive advantage. CSR concept in the West are being framed by a variety of stakeholders amongst which includes: NGOs, consultants, researchers, governments and similar.

Table 3-1 Drivers of Corporate Social Responsibility

External “Pushers”	Strategic “ Motivations”
Globalisation	Risk Management
Environment	Revenues and Costs
International Initiatives	Employees
Political	Customers
NGO’s and Media	Competitive Advantage
Investment Community	

(Loimi A-M, 2002 with modification)

3.2 STAKEHOLDER FRAMEWORK

The stakeholder framework is another important concept that has contributed to the CSR development in the West. Although, the concept of Stakeholder theory, emanated from improvement in the theory of corporate strategic management, which seek to unravel some gray areas in the study of CSR.

Some grey issues existing in CSR engagement has been addressed by the emergence of stakeholder framework, some of which include: "who are the main stakeholders of the corporation?", "*What are the required social responsibility of the firm?*", "*How does the firm integrate social responsibility with corporate operation?*" Therefore, in the following section I will try to discuss some definitions of stakeholders and the contribution of stakeholder framework in the field of CSR.

3.2.1 Definition of stakeholders

Stakeholders refer to a large number of organized groups with interest in a business organization's activities. The group's activities affect or are affected by the achievement of the corporations' objectives. The question that arises now is should a corporation be responsible only to some of these groups, or does business have an equal responsibility to all of them?

Therefore, from the above analogy, it's very imperative for today's modern managers to strategically strike a balance for CSR decision such that its takes care of all the stakeholders, without affecting the economic objective of the organization and at the same time portray them as being a good corporate citizenship responsible.

3.2.2 The Benefit of CSR to Organization

Some of the benefits accrued to companies that engage in qualitative CSR are as stated below:

- 1) Strong brand image
- 2) Considerable access to bank facilities
- 3) A healthy and safer employees
- 4) Robust management of risk
- 5) Good corporate governance
- 6) Motivated workforce
- 7) Increased loyal customers
- 8) Improve stakeholders confidence and trust
- 9) Improvement in Corporate reputation

3.2.3 Summary of CSR- the Western View

CSR as a concept become apparent as a result of agitations from government, civil society and the public for firms to be socially responsible in their operation amongst international companies from America in the 1960s. The CSR concept has then witnessed rapid changes, which has brought many different definitions of the concept, based on the perspective of the author or researcher. However, most of these authors incorporate the three main dimensions - economic, environment and social views in defining the CSR concept. The cultural values of each country or society also determine the focus of corporations CSR engagement. As what is socially acceptable in a particular business clime may be unacceptable in another clime.

There are lots of drivers for implementing CSR strategies, which have been divided into the external and internal, amongst the identified drivers' are- stronger brand value, robust management risk, good corporate governance, enhance reputations in the

public, and foster loyal customer. However, business strives to achieve sustainability by balancing the firms' ability to meet its present need without compromising the ability of future generations to meet their own need. That means, corporations must control its output by managing its productive factors well to conserve for the future.

3.3 CSR - A NIGERIAN PERSPECTIVE

CSR concept like other managerial concept from the west has been adapted into the Nigeria corporate business operations. However, what we need to find out is how is the Nigeria indigenous organization practicing CSR? What is their view CSR? And also what is Nigeria society view of CSR? Therefore in this section we will examine the theoretical scheme on CSR, meaning of CSR, CSR drivers and CSR development in Nigeria. The effect of management and cultural attributes on CSR implementation in Nigeria will also be discussed.

3.3.1 CSR Definition and drivers in Nigeria

In comprehending CSR from a Nigerian view point, it is important to analyze the history, development and what constitute the drivers for CSR in Nigeria. The World Business Council for Sustainable Development carryout survey in a number of countries with business and non-business stakeholders with the aim of getting a better understanding of CSR from local perspective and to collect different views of what CSR should mean from a number of different societies.

An important finding from the various study and discussions was that people identify the responsibilities of the private sector in relation to a social agenda and agreed that these roles has an increasingly association to the overall societal welfare. Though, the

selected preferences vary according to the perception of local needs. Some of the key CSR issues identified in the study were:

- Employee rights
- Protecting the Environment
- Involvement in Community development
- Good Supplier relations

Although stakeholders all over the world acknowledge the importance of the above mentioned issues, but there are regional differences with regard to priorities and understanding of each issue. As an example, interpretations of human rights varied between the regions. In most developing economies, low priority is given to corporations' suppliers and contractors' relations. For example, the Asia and Africa corporations though acknowledge the significance, but many believed that there are more pressing issues.

In revisiting Carroll's CSR pyramid from an African viewpoint, Pedersen and Huniche (2006:29) in their book on "*Corporate Citizenship in Developing Countries*" try to evaluate the Carrolls model as it can be adapted to the African nation. Since CSR concept is a western business idea, it therefore mean the Carroll's CSR Pyramid was model in the America's context. Findings from the report shows that in Africa, economic responsibilities still get the most emphasis while philanthropy is given second highest priority, followed by legal and then ethical responsibilities.

Trend in developing economies in Asia and Africa shows a high priority given to philanthropy responsibility by firms in fulfilling their social responsibility. The reasons for this observed trend could be explained by the following underlisted:

- 1) The socio-economic requirement of most African nations, which host most companies operations are so enormous, thereby making philanthropic engagement an expected norm. Most organizations' believe that they cannot succeed in a failed society.
- 2) The over dependent of many African nations on foreign aid to solve to social needs of their society has entrenched a culture of philanthropy in Africa.
- 3) It should be appreciated that CSR is at its embryonic stage in Africa, and that is why it's sometimes regarded as philanthropy activities.

However, it's imperative to emphasis that in Africa, philanthropy goes beyond charitable giving. For example, the issue of HIV/Aids, where engagement is basically philanthropic by organizations but also important to protect the economic objective of the company.

Studies on many indigenous firms in Nigeria shows that most Nigeria firms view CSR as an activity aim at supporting government in tackling some social problems prevalent in the country, like unemployment, security, provision of drinkable water, scholarship for student and also health care improvement.

Thus, CSR in Nigeria is seen as a way organization show philanthropic gesture to the society in which they operate, which means the practice is an obligatory one for most indigenous corporation. However, with recent increase awareness of consumers, employees, and community about their rights, and increase in competitions, the perspective of Nigeria firms towards in changing to reflecting some core views of CSR in the west. For example, the case of the agitations of the Niger-Delta against the Multination oil companies operating in their community.

CSR layers in developing countries



Figure 3-5 Africa's Corporate Social Responsibility Pyramid
 (Kwasi Darty-Baa and Kwasi Aponsal –Taiwah Model(with modification2011)

According to a concept paper on “Corporate Social Responsibility in Nigeria” by Ajadi (2006), enumerated the underlisted factor as constitute CSR drivers in Nigeria firm:

- The non-performance of successive government regime at the centre in country's development.
- The unorthodox operational cost of doing business, due to double-dealing and other gregarious vices
- The series of crises and mismanagement in the extractive sector as seen in the Niger-Delta region of the country.
- Negligence of the government on Nigerian populace whose dominant part is less than 25 years old and is generally overlooked notwithstanding their importance to the existence and future flourishing of businesses and the nation on the loose.
- The prospective benefits of a viable and productive economy of over 160million prospective consumers.

3.3.2 Corporate Social Responsibility - Development in Nigeria

Africa as a landmass has its fights to battle with destitution, foundational rot and social unfairness, it's- clear that Africa can possibly turn into a worldwide player with its regular assets, as per numerous creators and exploration economist. In the report of Jackson (2003), he made an accommodation that, "in spite of the achievement of numerous worldwide organizations in Africa, the MNC have not been responding back this accomplishment to the host groups where they are working", because of absence of cooperation from the stakeholders and understanding in stakeholders interest.

Concerning Nigeria and CSR improvement, Nigeria has been a party to a few worldwide human rights bargains. One of such treaty is the UK-headed Extractive Industries Transparency Initiative, where Nigeria governments' in-conjunction with countries like Azerbaijan, Ghana and Kyrgyzstan have been devoted to. The destination of the settlement is to make open all their incomes for oil, gas and mining.

In furtherance support for the above activity of NEEDs, a few Nigerian organizations supported and marked into Global Compact Network when it was propelled in Nigeria amid the twelfth Annual Nigeria Economic Summit in Abuja in 2006. A percentage of the organizations incorporate Coca Cola –West Africa, MTN Nigeria Communication Ltd, Glo Communication Ltd, United Bank for Africa (UBA), First Bank Plc, and Shell Petroleum Development Company of Nigeria Ltd.

The historical backdrop of official CSR practices in Nigeria could be traced back to the activities of the multinational companies operating in the oil and gas sector of Nigeria. In augmenting for the failure of Nigeria government's administration inadequacies and in order to secure their business in the host communities, the multinational organizations which ruled the oil division in Nigeria, have been engaged

with CSR activities. The CSR engagements in this segment are mostly focused on ameliorating the impacts of their extractive operations on the host communities. Some percentages of the social engagement of the organizations to the host community incorporate –provision of funnel borne waters, clinics and schools.

From, the work of Amaechi, Adi, Ogbechie and Amao, 2006, the review demonstrates that, 85 percent of the respondents said that there is an attention to CSR in Nigeria yet without noteworthy activities, while 7.7 percent either guaranteed there is practically no awareness with significant actions, respectively as shown in the table below:

Table 3-2 Level of Awareness

Level of awareness/ knowledge CSR	Characteristic of level	%
Low	Almost no awareness	7.7 percent
Medium	Awareness without significant action	85 percent
High	Awareness with significant action	7.7 percent

(Amaeshi, Adi, Ogbechie & Amao, 2006 with modification)

The result of the above study shows that priority is more given to community involvement, while less emphasis is on employee relations and almost none with regard to socially responsible products and processes (Amaeshi, Adi, Ogbechie & Amao, 2006).

The Nigerian consumers is not as empowered as its counterparts in many other countries, but just starting to enjoy the basic product safety by the National Agency for Food and Drug Administration and Control (NAFDAC), the Standards Organisation of Nigeria (SON) and the establishment of consumer protection right.

In 1987, Nigeria government promulgated a Decree on Harmful waste disposal, following the accumulated illegal dumping of toxic wastes from activities of the Oil companies and the industrial companies. The objective of this decree is to provide a legal framework for control of disposal of toxic and hazardous waste in any environment within Nigeria.

Therefore, Nigeria corporate Governance framework and socio-economic conditions have been shaped on the following three major issues as enumerated below:

1. Waves:

This highlights the key driving factors that shaped the firm's CSR decision

- Community involvement
- Socially responsible production
- Social responsible employee relations

2. Issue:

This emphasizes the focus areas of firms CSR engagement that is valued by the society:

- Environment
- Education
- Staff welfare
- Health and safety

3. Modes

This takes care of how the CSR engagement will be implemented by the firm. Notable examples are:

- Philanthropy foundation, and
- Codes

However, banking sector has been a dominant sector in the development of Nigeria economy as their activities largely affect productivity and also influence the investment growth and welfare of a large portion of the populace. Activities of the Financial industry in the past years as shown how winding-up or bank distress has coursed a lot of companies and industry folding up and increasing unemployment, life are lost because some people lost all their heard earn savings as result of the Banks not being social and citizenry responsible in running the banks operations and as contributed to the underdevelopment of the country. To this end, the Apex Bank CBN and the Government has come up with various reforms to stabilize this sector and monitor their activity so as to protects depositors fund and ensure ethical practices.

The consequence of the above changes by Nigeria government and the Apex Bank (CBN) has made banking in Nigeria to become a great delight due to the gigantic upgrade in the business lately. Gone were the days you put your cash in the bank and go home living in consistent fear and creating heart assault, not comprehending what will be the following news? Those days are gone for good! Today, you can work into any Nigerian bank and expect world class service delivery with the radiating appearances and extremely cautious staffs.

As a result of keen competition, most of the banking operators and management has now developed their own CSR policy and incorporated it in their long-run Strategic plan in order for them to remain competitive.

In summary, there are had been some positive changes with various national initiatives in regards to corporate governance and environmental initiatives in Nigeria. Be that as it may, in any case it appears there has been administrative and institutional impediment affecting the implementations of most of these CSR efforts effectively.

3.4 FINANCIAL INDICATORS SELECTION

Verifiable research in connections to relationships between corporate social responsibility and corporate financial performance, have demonstrated that choice of financial performance indicators has a direct effect on the outcome of the study. However, the main measures of indicator for corporate financial performance are grouped into two:

- i. The market revenue indicators, and
- ii. The accounting indicators.

Market revenue indicator is principally predicated on trading data of stock market with concentration on shareholder returns. While accounting indicator, is predominantly predicated on the company's financial statement information, reflecting the company's operating situation.

Some researchers have used market revenue indicators to measure CFP, using data from stock prices. Amongst these researchers are Moskowitz (1972) and Vance (1975); the stock price data they used were exclusive of risk-adjusted and dividends, they therefore got totally different conclusions for the relationship between CSR and CFP. However, most of the researchers have not been able to get a clear concession on the relationship between corporate social responsibility and corporate financial performance.

Another measure of corporate financial performance is the accounting indicators. As mentioned earlier, unlike market revenue indicator, accounting indicator considers the entire company's operating performance, and scope is more extensive than the market revenue indicator. However, the accounting indicators are predicated on historical financial data, and have the high likelihood of being manipulated; while the

factors like company size, revenue level, and the industries must be considered when using accounting indicators. Some of the notable accounting indicators which are often used to evaluate the relationship between social corporate responsibility and corporate financial performance include: return on assets (ROA), return on net assets (ROE), earnings per share (EPS) and so on.

Conclusively, most study on the relationship between CSR and CFP has shown that the accounting indicator measures give more accurate results than market revenue indicators in evaluating financial performance.

CHAPTER FOUR

4.0 METHODOLOGY

Up to the recent, various methods of analyzing the relationship between CSR and CFP have emerged. As it was stated in a section of chapter three, it is noteworthy that every research approaches has its advantage and limitations; subsequently no technique possesses the absolute advantage. Content analysis method is chosen by the researcher in carrying out the research analysis using data from the annual reports of the listed banks in Nigeria.

The research make use of the statement of financial data from Nigeria listed Banks' annual reports with emphasis on those that have Nigeria majority holdings in stock and shareholders structures, healthy in terms of Asset and liability, have CSR disclosure in their annual reporting, and an updated data on their financial report. The data gathered are then classified into five areas of variable concentrations to identify the relationships between the financial performance in relations to their CSR expenditure, engagement and policy, as stated below:

- Social Responsibility Investment,
- Community/Economic Investment,
- Environment Investment
- Employee/Human Resource Investment,
- Bank size;

. Generally, choosing variables for content analysis is usually subjected to the researcher's decisions. However, in a way to minimize the effect of the subjectivity, this study will make use of the stakeholder concept in the selection of variables, to examine

the relationship between Nigeria Banks' social responsibility and their financial performance.

Since, it has been validated that accounting index have a plausible result than the market revenue index for the choice of financial indicator, in elucidating corporate social responsibility in past researches. In this regard, I have chosen the accounting indicators in explaining and determining the relationship that exist between Nigeria's Banks CSR and financial performance in this study.

4.1 SAMPLE SELECTION

Banks listed in the Nigeria Stock Exchange as at 2013 form the samples for this study. Therefore, maintaining the validity of data sources and minimizing the effect of deviations, banks with major foreign Investor/Shareholders are removed from the sample. Also, some banks that are recently in a state of instability as a result of recent financial crises of un-service loans and mismanagement are not included in the sample, due to the appalling status of their financial positions, which invariably make them incapacitated to fulfill economic responsibility to their shareholders. After the delisting the banks that do not meet the stated requirements, a total of 11 commercial banks are chosen as samples for the regression analysis.

4.2 RESEARCH HYPOTHESES

H₀: CSR engagements do not have relationship with Bank profitability

H₁: CSR engagements have a significant relationship with Bank profitability

4.3 MEASURING CORPORATE FINANCIAL PERFORMANCE (CFP)

Corporate Financial Performance (CFP) is the organization's capacity to achieve its objectives through efficient and effective utilization of its resources. Corporate performance can be divided into two (Ventrakaman and Ramanujam (1986), which are - operational and financial performances. The operational performance covers market share, product quality, and marketing effectiveness.

There are two method of method of measuring financial performance can, which are –

- 1) market-based performance measure (like -stock price, dividend payout and EPS) and,
- 2) Accounting-base performance measure (e.g., ROA, ROE).

In accounting returns measure for CFP, the general focus is on how company's incomes react to managerial policies (Cochran and Wood 1984). The index measure solely encapsulates the accumulated records of organizations' performance. They are subject, moreover, to inclination from managerial manipulation and differences in accounting procedures. They include operating income magnification, sales growth, asset growth and debt to asset ratio, operating return on sales and operating return on assets. On the other hand, market –base or investor-returns measures are forward looking and lay more emphasis on market performance. In other word, less susceptible to different accounting procedures and represent the investor's evaluation of the ability of a firm to generate future economic earnings.

However, because this study seek to determine the relationships between Corporate Financial Performance (CFP) and company's Corporate Social Responsibility, the use of accounting based measures (ROA, ROE, and PAT) is adopted, in order to measure how the CSR policy impact and affect the overall strategic plans of the corporation. The following section explains all financial variables used in the present study.

4.3.1 Research Variables

Below are some of the most used accounting base variables use in analyzing CFP for an organization:

1. **Return on Equity/ Return on Net Worth (ROE/RONW):** ROE shows how well a company uses investment funds to generate earnings growth. Return on Equity or ROE tells company stockholders how effectually their money is being utilized or reinvested. It is a useful ratio when analyzing company profitability or the management effectiveness given the capital invested by the shareholders. ROE shows how efficiently a company utilizes investments to generate income. ROEs between 15% and 20% are generally considered good.

$$\text{ROE} = \frac{\text{Net Income}}{\text{Shareholder Equity}}$$

2. **Return on Assets (ROA):** As an *accounting measure*, ROA measure the ratio of net income and total assets and shows how profitable a company's assets are in generating revenue. This ratio describe "*what the company can do with what it's got*", i.e., how many dollars of earnings they derive from each dollar of assets they control. It is also a useful figure for comparing competing companies in the

same industry and the figure usually varies widely across different industries. It gives an indication of the capital intensity of the company, which will depend on the industry; companies that require large initial investments will generally have lower ROA. A higher ROA means higher value creation for shareholders because of its positive correlation with the stock price especially in asset-heavy firms such as manufacturing firms.

$$\text{ROA} = \frac{\text{Net Income}}{\text{Average Total Assets}}$$

3. ***Profit After Tax (PAT)***: PAT is the net profit earned by the company after deducting all expenses like interest, depreciation and tax. PAT can be fully retained by a company to be used in the business. Dividends, if declared, are paid to the shareholders from this residue. It is a more accurate look at operating efficiency for leveraged companies. Profits after tax directly impact the amount investors earn and hence affect market capitalization accordingly.

However, in carrying out this research, the researcher will only analyze ROA, ROE and PAT as the proxy for CFP from the annual reports of the Nigeria banks for six years (from 2008 -2013). Thus, only the banks that are healthy and that I can access their annual report for the years under review as published on their website were selected for the study.

4.3.2 Independent and Dependent Variables

The regression model is represented by the dependents and independent variables. The CFP variables represent the dependent variables while the CSR expenditures of each bank as disclose in their annual report.

Table 4-1 Description of Variables used in the Regression Model

SNO	DEPENDENT VARIABLES	INDEPENDENT VARIABLES
1	Return on Equity (ROE)	Social Performance (SOCIAL) SRP
2	Return on Assest (ROA)	Community/Economic Development (COMDEV) CREP
3	Profit After Tax (PAT)	Environmental Investment performance (ENVIRON) ENRP
4		Employee/HR Relations Investment (HRRP)
5		Bank Size (BNKSIZE) (Bank Branch Network

A cursory perusal of the various annual reports of banks in Nigeria, it shows that CSR spending is targeted at educational development, sports, promotion of art and culture, donations to orphanage, community beautifications, infrastructural development, borehole drillages, women and youth empowerments and little effort on environment (Afforestation, Fire disaster, Flood disaster etc). The very low emphasis on environment is due largely to the fact that banks activities are not impacting much on environment degradation. A detail of the various items under each CSR activities of the banks are given in Appendix I in a table.

Table 4-2 **CSR Activities themes**

SN	THEMES	SCORES
1	Economic/Social Activities	7
2	Community Invt Relations	9
3	Human Resource Relations	19
4	Environment Concern	10
5	Products/Consumer Relations	12
	TOTAL	57

4.4 REGRESSION MODEL

The model adopted in this research is the multiple regression models since the objective of the study is to ascertain relationships between CFP and CSR in the banking sector of the Nigeria economy as developing economies. Thus, the model will show whether there is positive or negative relationships between the CSR practice and firm's financial performance in both the short and long run of the firm. The CFP represent the dependent variables/parameters, while CSR and other variables represent the independent variables.

The regressions models used in this research are as given below:

$$CFP_{ROE} = \alpha_0 + \alpha_1 SRP + \alpha_2 CREP + \alpha_3 ENRP + \alpha_4 HRRP + \alpha_5 BNKSIZE \dots\dots(1)$$

$$CFP_{ROA} = \beta_0 + \beta_1 SRP + \beta_2 CREP + \beta_3 ENRP + \beta_4 HRRP + \beta_5 BNKSIZE \dots\dots(2)$$

$$CFP_{PAT} = \sigma_0 + \sigma_1 SRP + \sigma_2 CREP + \sigma_3 ENRP + \sigma_4 HRRP + \sigma_5 BNKSIZE \dots\dots(3)$$

Where:

α_0, β_0 and σ_0 = Intercept coefficients for each regression model

α_1, β_1 and σ_1 = Coefficients of the independent variables

CFP_{ROE} , CFP_{ROA} , and CFP_{PAT} = the dependent variables function for ROA, ROE and PAT

SRP = Social Responsibility Performance of the banks

CREP = Community/Economic Responsibility Performance

ENRP = Environment Responsibility Performance

HRRP = Human Resource Performance

BNKSIZE = Number of branches of the bank

4.5 DATA ANALYSIS

The statistical package used was SPSS 17. The strength and significance of the relationships between the study variables was established using the Pearson's product moment correlation coefficients (PMCC). Corporate Social Responsibility (CSR) Expenditures of the banks which include Social Responsibility Performance, which involves education development and support, promotion of arts and culture, sport development (SRP), Community/Economic development Performance (CREP), Environment Responsibility Performance (ENRP), Human Resource Responsibility Performance (HRRP) and number of branches of the bank, were specified as independent variables, while Return on Asset (ROA), Return on Equity (ROE), and Profit After Tax (PAT) were specified as dependent. The unit of analysis was financial services institutions.

The coefficient of determination, R squared, measure was used to test the significance of the regression model in explaining the relationship between CSR practices and CFP. R squared is a measure of goodness of fit and shows the percentage variance in the dependent variable that is explained by the independent variable(s). The

higher the R squared the better the model. The P-Value and the t-test were used to test the individual significance of the predictor variables used in the study.

4.6 VALIDITY AND RELIABILITY OF THE STUDY

To ensure validity and reliability of the research analysis, some notable statistical metrics tools were used such as Durbin Watson, F-Test, Anova. The main reason for test for validity is to ascertain if collinearity exists amongst the independent variables and also to check the effect of residual errors.

CHAPTER FIVE

DATA PRESENTATIONS AND ANALYSIS OF RESULTS

5.0 INTRODUCTION

This chapter covers the presentations of data and analysis and presentations of result of analysis of the model and test of hypothesis for the thesis.

5.1 DATA PRESENTATION

The following table shows the data for each item analyzed in the thesis.

Table 5-1 List of Banks in Nigeria operating as at 2012-2014

SN	BANKS	SHAREHOLDING STRUCTURE	STATUS	SELECTED FOR THESIS
1	Access Bank Plc	Have Majority Indigenous Shareholder	Healthy	Yes
2	Citibank Nigeria Limited	Foreign Ownership	Healthy	No
3	Diamond Bank Plc	Have Majority Indigenous Shareholder	Healthy	Yes
4	Ecobank Nigeria Plc	Pan-African Bank	Healthy	No
5	Enterprise Bank	Have Majority Indigenous Shareholder	Not Healthy (Acquire by AMCOM- former SpringBank)	No
6	Fidelity Bank Plc	Have Majority Indigenous Shareholder	Healthy	Yes
7	First Bank of Nigeria Plc	Have Majority Indigenous Shareholder	Healthy	Yes
8	First City Monument Bank Plc	Have Majority Indigenous Shareholder	Healthy	Yes
9	Guaranty Trust Bank Plc	Have Majority Indigenous Shareholder	Healthy	Yes

10	Heritage Banking Company Ltd	Have Majority Indigenous Shareholder	Started Operations in 2013 after acquiring Savannah Bank	No
11	Key Stone Bank	Have Majority Indigenous Shareholder	Not Healthy (Acquire by AMCOM- former BankPHB)	No
12	MainStreet Bank	Have Majority Indigenous Shareholder	Not Healthy (Acquire by AMCOM- former Afric Bank)	No
13	Skye Bank Plc	Have Majority Indigenous Shareholder	Healthy	No (does not have uptodate data)
14	Stanbic IBTC Bank Ltd.	Have Majority Indigenous Shareholder Foreign Bank	Healthy	Yes
15	Standard Chartered Bank Nigeria Ltd	Foreign	Healthy	No
16	Sterling Bank Plc	Have Majority Indigenous Shareholder	Healthy	Yes
17	Union Bank of Nigeria Plc	Have Majority Indigenous Shareholder	Healthy	No (does not have up-to date data)
18	United Bank For Africa Plc	Have Majority Indigenous Shareholder	Healthy	Yes
19	Unity Bank Plc	Have Majority Indigenous Shareholder	Healthy	Yes
20	Wema Bank Plc	Have Majority Indigenous Shareholder	Not Healthy	No
21	Zenith Bank Plc	Have Majority Indigenous Shareholder	Healthy	Yes

Source: List from CBN Bank List as at 2013 (www.cbn.com)

Table 5-2 SELECTED BANKS CFP AND CSR EXPENDITURE REPORTS (2008-2013)

BANKS	BANK CSR EXPENDITURE FOR 6 YEARS (2008-2013)				CFP OF BANKS (2008-2013)			BANKSIE
	SOCIAL (₦'000,000)	COMDEV (₦'000,000)	ENVIRON (₦'000,000)	HRRP (₦'000,000)	PAT (₦'000,000)	ROE (%)	ROA (%)	
ACCESS	202.71	506.75	445.65	107,846.53	114,853.18	8.76	7.53	345
DIAMOND	785.20	634.05	141.64	110,447.75	45,373.14	5.55	0.56	251
FIRSTBANK	3,375.63	2,808.45	387.72	315,526.00	270,644.00	11.23	1.6817	867
FCMB	384.63	386.09	184.46	94,746.95	48,228.68	5.83	1.11	265
FIDELITY	78.35	141.22	16.35	104,413.36	52,177.06	5.87	1.24	213
GTB	934.44	1,023.56	187.01	121,501.08	324,070.06	21.33	3.58	213
UBA	613.00	562.93	598.22	230,637.00	143,383.00	11.75	1.11	605
STERLING	74.77	218.76	110.71	43,129.38	22,481.58	6.12	0.61	168
STANBICIBTC	166.24	257.23	45.52	100,728.83	67,956.00	12.70	2.23	180
UNITYBANK	97.45	211.49	78.40	96,359.04	868.23	-38.658	-0.23	245
ZENITH	2,379.46	2,237.52	675.09	273,336.00	351,392.00	13.862	2.50	340
TOTAL	9,091.86	8,988.04	2,870.77	1,598,671.91	1,441,426.93	64.33	21.94	3,692

*Source: Computed from the Annual Reports of the Listed Banks from 2008-2013
(For ROE & ROA the average for the six years were use)*

5.2 DESCRIPTIVE ANALYSIS OF THE DATA

Based on the data given above and others collated and computed from the annual reports of the selected banks from their 2008-2013 business years, the descriptive analysis is carried out to determine some patterns of distributions of the CSR expenditure and the CFP. The distributions of each item are presented on charts to show how each banks performs in their corporate citizenship.

5.2.1 Type of CSR Activities Undertaken by the Banks in Nigeria

Table 5-3 Total CSR Activities per Components reported by the Banks in Nigeria

Banks	ESRS	CRS	HRS	ENRS	Prd/Serv	Total	%
First Bank	7	9	17	6	11	50	10%
Access	7	9	16	6	11	49	10%
Diamond	7	7	11	6	9	40	8%
GTB	7	8	13	6	11	45	9%
Fidelity	6	8	9	6	10	39	8%
FCMB	7	8	10	5	11	41	8%
Sterling	7	9	13	5	10	44	9%
UBA	7	9	16	6	12	50	10%
Unity	5	9	18	4	8	44	9%
Zenith	7	9	18	5	11	50	10%
Stanbic-IBTC	7	9	18	6	12	52	10%
Total	74	94	159	61	116	504	100%
%	15%	19%	32%	12%	23%	100%	

Source: Computed from Annual Reports of the selected banks in Nigeria for 2008-2013

According to the above table 5-3, its shows that majority of the banks listed under the Nigeria Stock Exchange (NSE), are associated with different components of CSR engagement and also at different levels.

In all, most CSR engagements undertaken by most of the banks as shown in table 5-3, are targeted at building an enthusiastic employee, a friendly and convenience products and services, a virile community welfare, followed by engaging in funding economic and social activities through promotions of Sports, Arts and cultures, supporting educational activities. We can observe that CSR activities aim at solving environmental issues are the least engage by most of the banks in Nigeria.

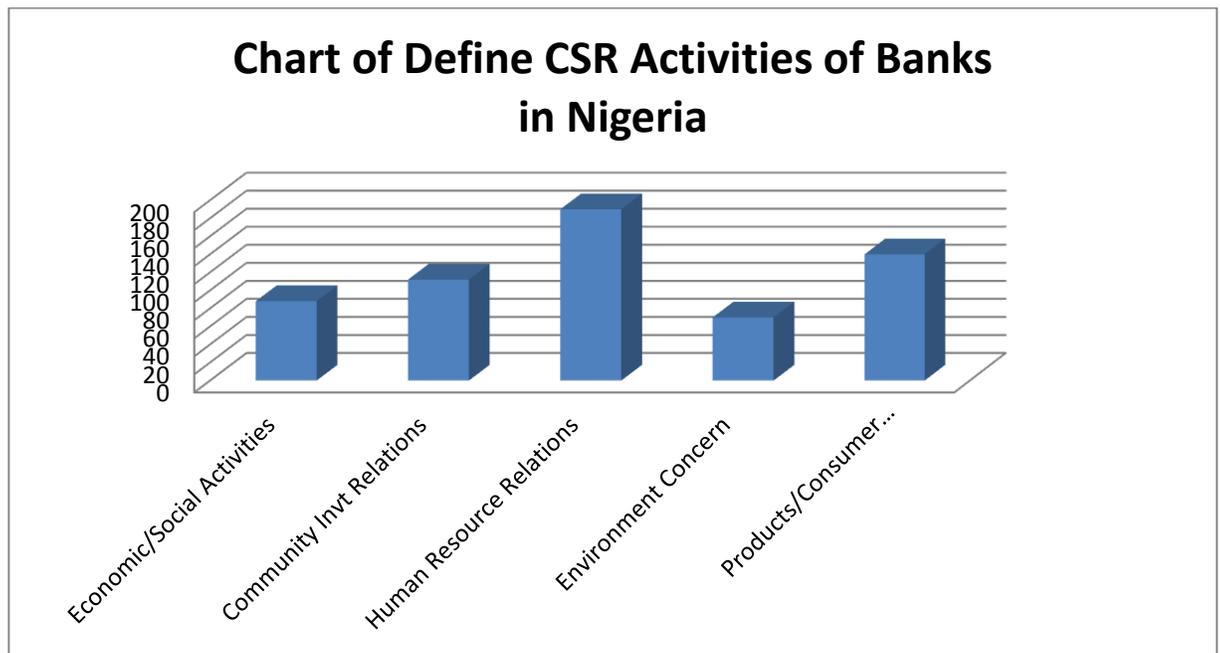
This is due to the fact that the activities of the banks do not have a great impact on the environment being a fully service oriented sector. Though majority of the banks has adopted the sustainability concept in their reporting and are also incorporating energy efficiency, promotion of environmental awareness, and also involve in carrying out Environmental Impact Assessment before granting facility for any economic or infrastructural project (EIA). The complete of the detail components of each define activities is given in Appendices I.

Employee relations, staff welfare are well reported because nowadays, people component is very vital in the success of any organization's strategy. This is a major component for strategy implementation and they represent the bank primary customers. So what they say about their banks and the way community sees them is very important in shaping the perception of the general public towards the firm.

Because of the increasing literate level of the Nigerian society nowadays and other monitoring agency, banks are now giving more details about their products and service and are also developing innovative products that will enhance the business or improve the welfare of their customers. The issue of customer complains is now given priority by most of these banks with the adoption of the customer relationship management approach in servicing their depositors.

Community development initiatives and economic and social development initiatives are also more reported in the area of education, arts, sports, women empowerment and youth development. The charts below show the distributions of all this activities.

Fig 5-1 Chart showing the CSR Activities most reported by Nigerian Banks



5.2.2 Descriptive Analysis of the CSR Expenditure and CFP

From Table 5.-2, on CRS expenditure distribution of all the banks, we can observe that Human Resources Responsibility expenditure take a larger percentage of CSR total expenditure for each bank. This is due to the fact that the HR expenditure was well reported in terms of training, benefits and others, which shows that the banks in Nigeria are satisfying their obligation in human capital development for efficiency and productivity. Also, the environment responsibility spending has the lowest and almost insignificant percentage in the CSR total expenditure of all the bank, due largely to the

fact that banks are service industry and their operations does not have much impact on the environmental conditions of their host community. Due to the nature of banks operations in regards to environment, most of the banks don't report more on their financial contributions to the environments. A cursory look at captured CSR expenditures of the selected banks in the thesis shows that First Bank of Nigeria Plc has the highest value of ₦322.1Billion (\$1.95Billion) CSR expenditure, followed by Zenith bank with a total of ₦278.63Billion (\$1.69Billion) for the period of six years (2008-2013) annual business operation, while Sterling bank has the lowest spend on CSR expenditure with a total value of ₦ 43.5Billion (\$263.8Million) for a period of six years (2008-2013). The figure below shows the chart of the banks CSR Total Expenditure for six years (2008- 2013).

Fig. 5-2 Nigeria Banks Total Expenditure on CSR Activities (2008-2013)

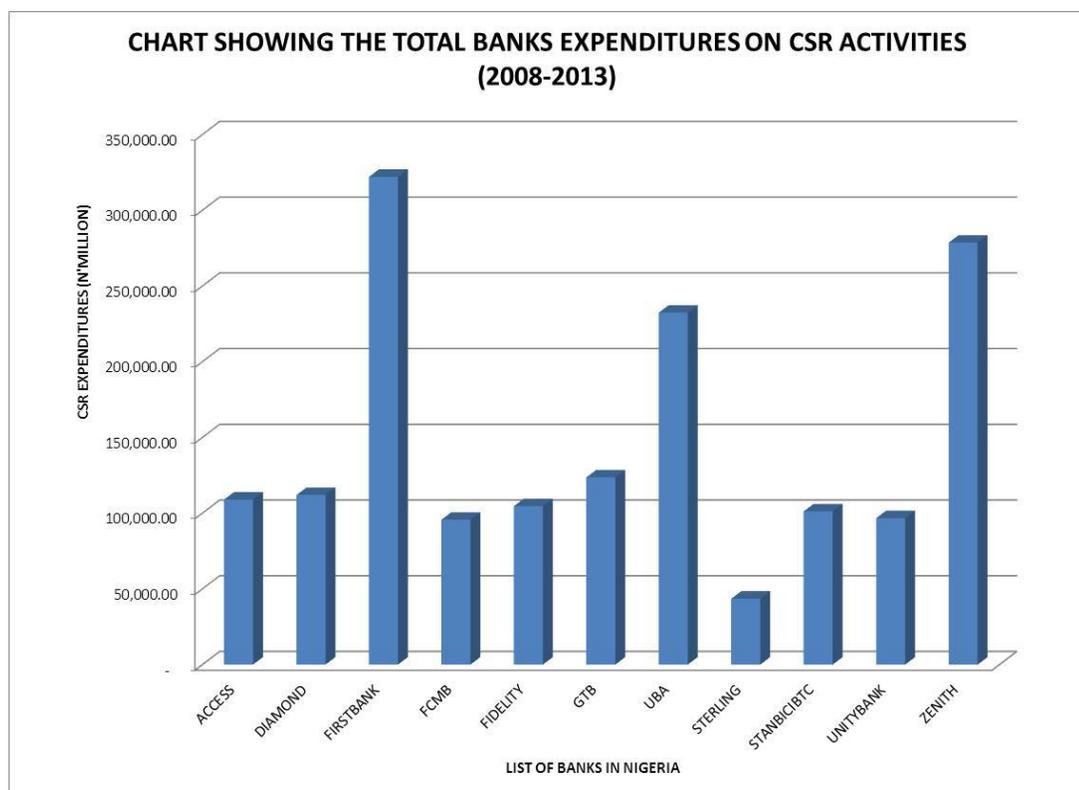
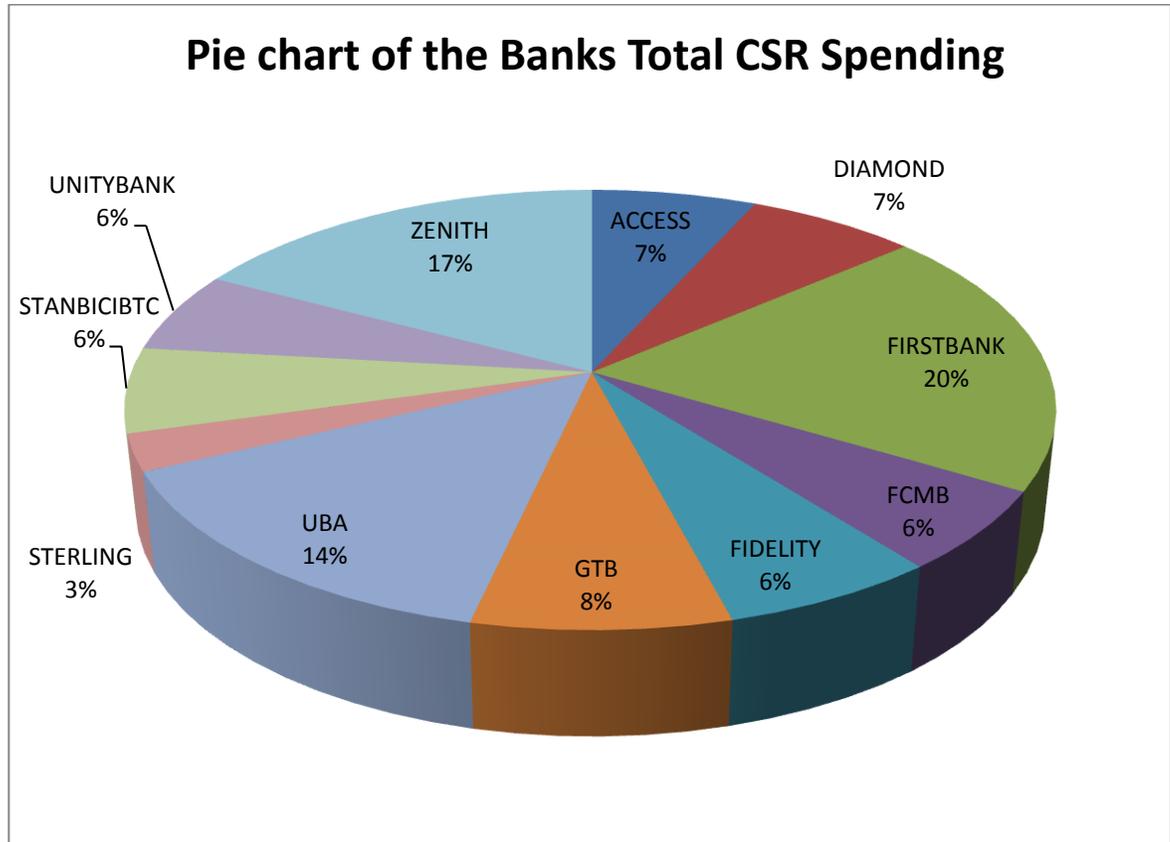


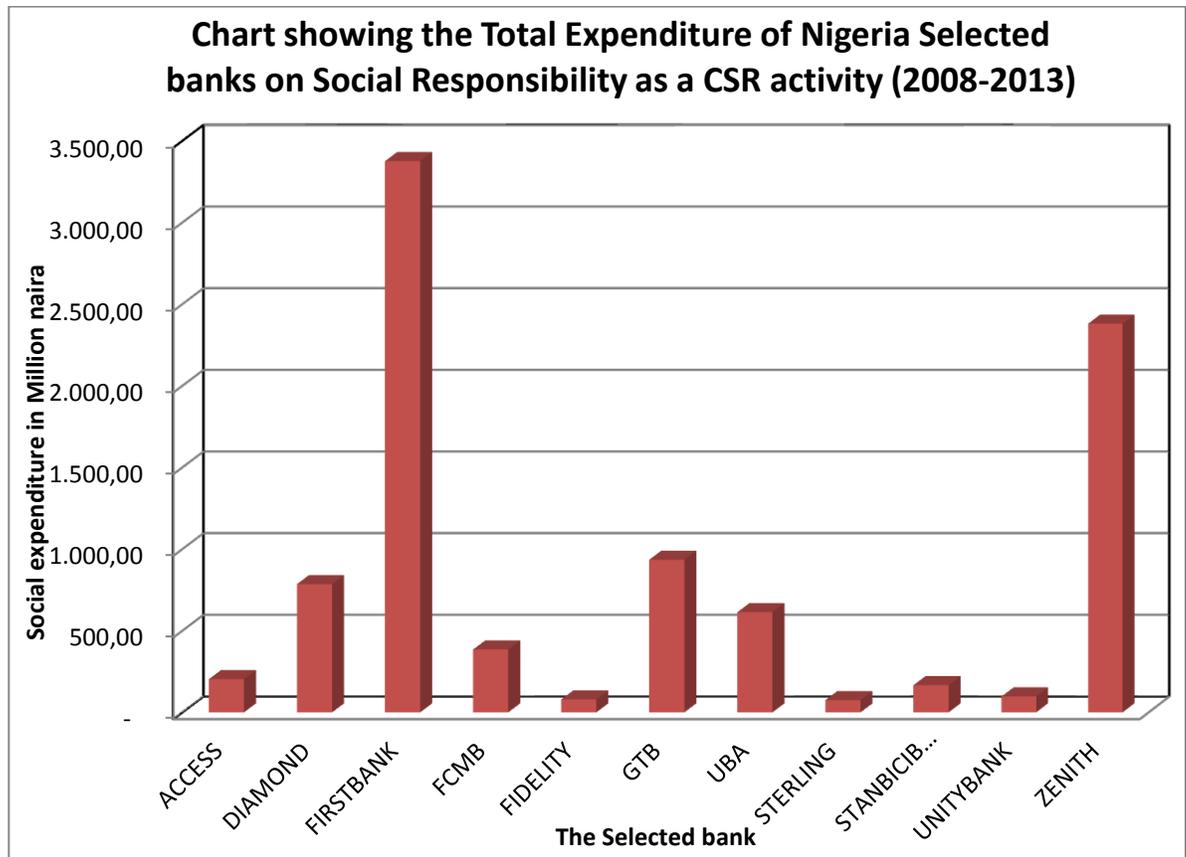
Fig. 5-3 Nigeria Banks Total Expenditure on CSR Activities (2008-2013)



5.2.3 Social Performance Distribution Analysis

All the banks in Nigeria engage in carrying out social performance in terms of government in education development, art and culture, security and other social activities. From table 5-2, it shows the total spend of each selected banks on social responsibility from 2008 to 2013. Also, First Bank Plc has the highest spend in Social responsibility activities of ₦3.38Billion (\$20.46Million), while Sterling Bank also has the lowest spend on Social responsibility activities with a total value of ₦74.8Million (\$453 thousand) from 2008 to 2013 business years. The chart below the distribution of each bank spends on social activities during the years under review:

Fig. 5-4 NIGERIA BANK SOCIAL RESPONSIBILITY SPENDING (2008-2013)

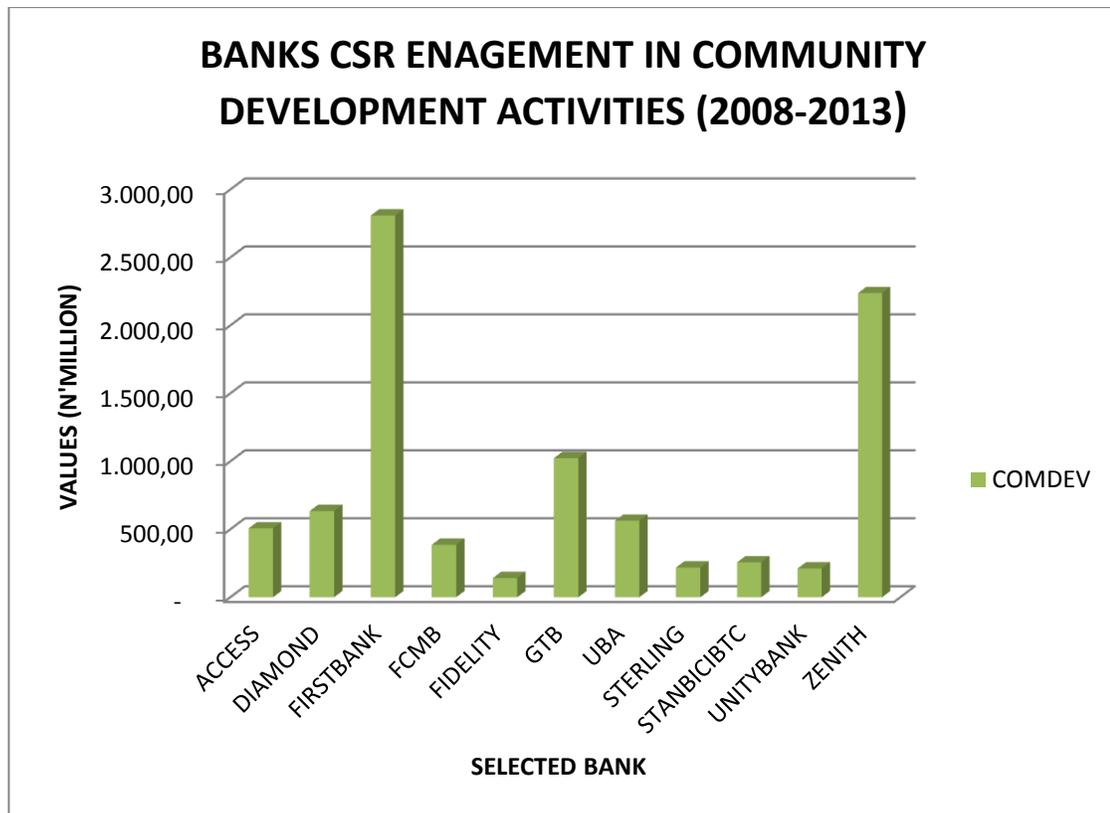


5.2.4 Community and Economic Responsibility

Another CSR activities most Nigerian banks are involved in is the community and economic development, which look at engaging improving health sector, women and youth empowerment, donations to less privileged in the society, etc. From table 5-2, First Bank Plc is seen to have the highest spend on community and economic development in its CSR engagement from 2008 to 2013 with a value of ₦2.8Billion (\$17.02Million), while Fidelity Bank Plc is seen to have the lowest spend on community/economic development CSR engagement during the years under review with

a value of ₦141.22Million (\$855.85 Thousand). Below is the chart of the variable distribution as shown on the table:

Fig. 5-5 BANKS COMMUNITY/ECONOMIC CSR ENGAGEMENT (2008-2013)

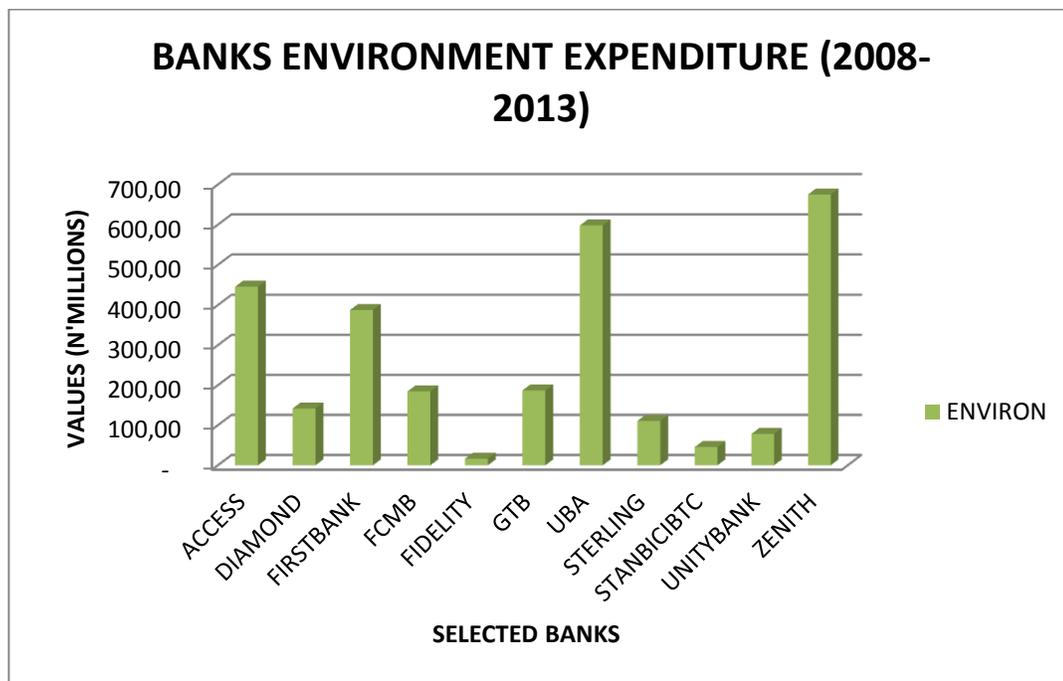


5.2.5 Banks Environmental engagement (2008 -2013)

Though, banks activities are not know to directly impact the environment negatively, because they are in the service sector. However, the use of generators to power their gadget, use of ATM's etc can impact on the environment. Most of the banks in Nigeria have embrace sustainability reporting and have adopted energy efficiency by going paperless and also use alternative energy to power their gadgets. They are also

engage in supporting environmental responsibility by donating to afforestation programmes, environmental beautifications, flood management etc. From table 5-2, the total expenditures of the banks in supporting and promoting environmental issues from 2008 to 2013 shows that, Zenith Bank Plc has the highest expenditure in environmental activities, with a value of ₦675.09Million (\$4.09Million), followed by United Bank for Africa (UBA), with a value of ₦598.22Million (\$3.63Million), while Fidelity Bank Plc is with the lowest expenditure on environmental activities with a value of ₦16.35million (\$99.01thousands), for the years under review. Below is the chart that shows the distribution of the banks expenditure on environmental activities:

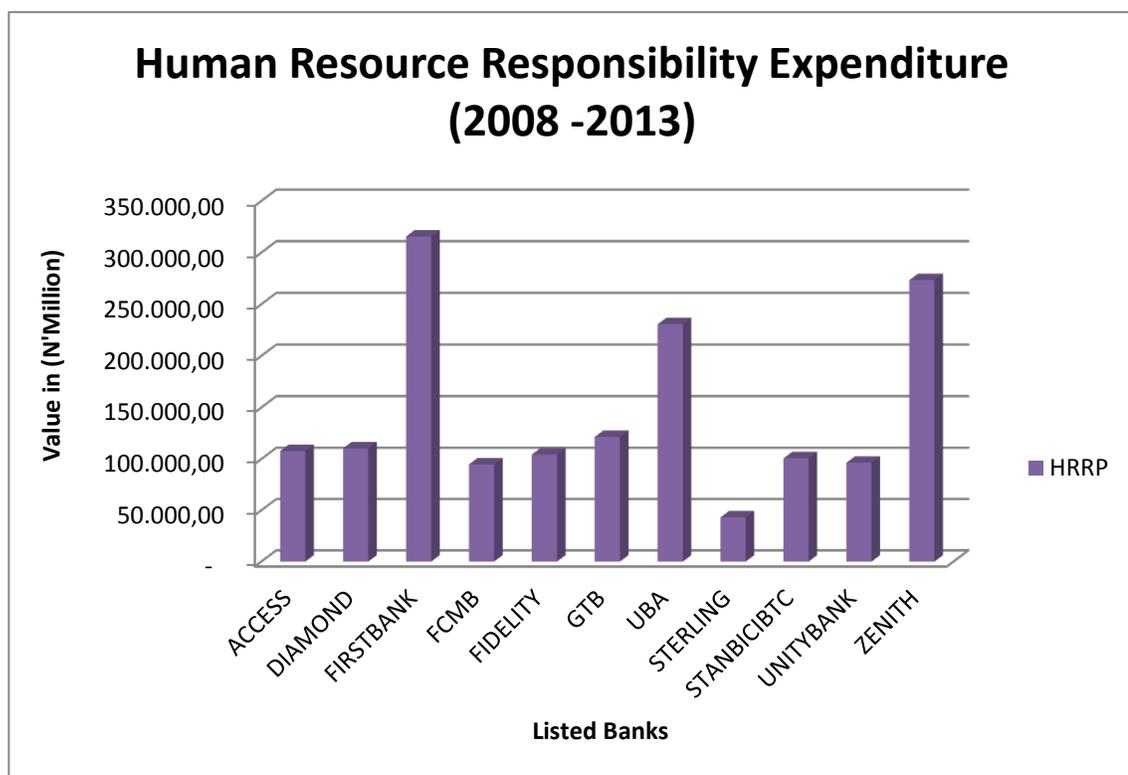
Fig. 5-6 BANKS ENVIRONMENT CSR ENGAGEMENT (2008-2013)



5.2.6 Employee Relations Distribution

The Human resource is an important stakeholder of the bank and firm in general. They are the first customer of the bank and they are also a factor that determines the efficiency of the firm in terms of resource and asset management and utilization. Thus, as a means of achieving competitive advantage in the market place, each of the banks engage in various activities to attract and keep the best personnel through good salary, training and development, employee volunteerism, employee engagement, promotions, pension etc. From table 5-2, it is observe that, First Bank Plc has the highest expenditure with a value of ₦315.53Billion(\$1.9Billion), followed by Zenith Bank Plc with a value of ₦273.34Billion(\$1.65Billion), while Sterling Bank Plc has the lowest with a total value of ₦43.13Billion (\$261.39Million) from 2008 to 2013.

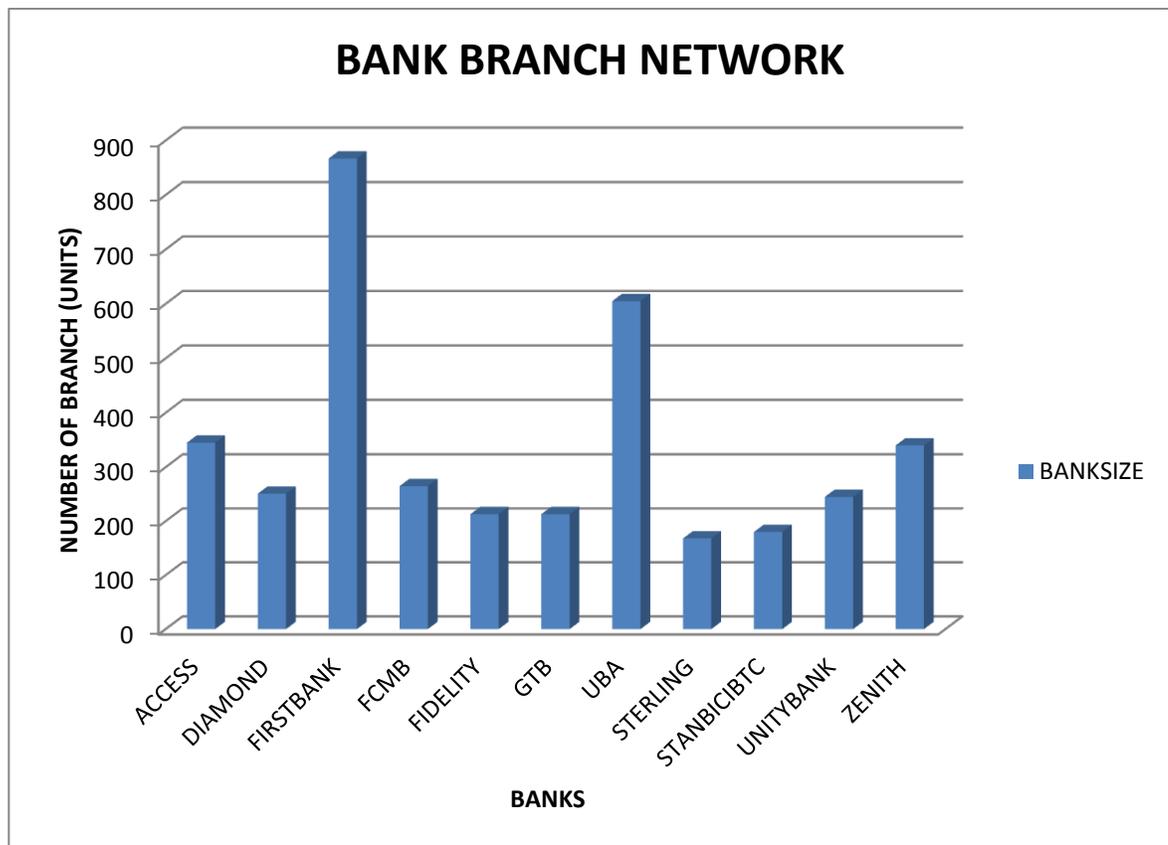
Fig. 5-7 BANKS HUMAN RESOURCE CSR ENGAGEMENT (2008-2013)



5.2.7 Bank Size

Bank size is also another important factor in determining corporate financial performance. The nearness of the bank improves customer's accessibility. From the table 5-2 the bank with the highest branch network is First bank with a total of 867, while Sterling Bank Plc has the lowest branch network of 168 across the nation as at 2013. Below is the chart of the banks distribution on branch network.

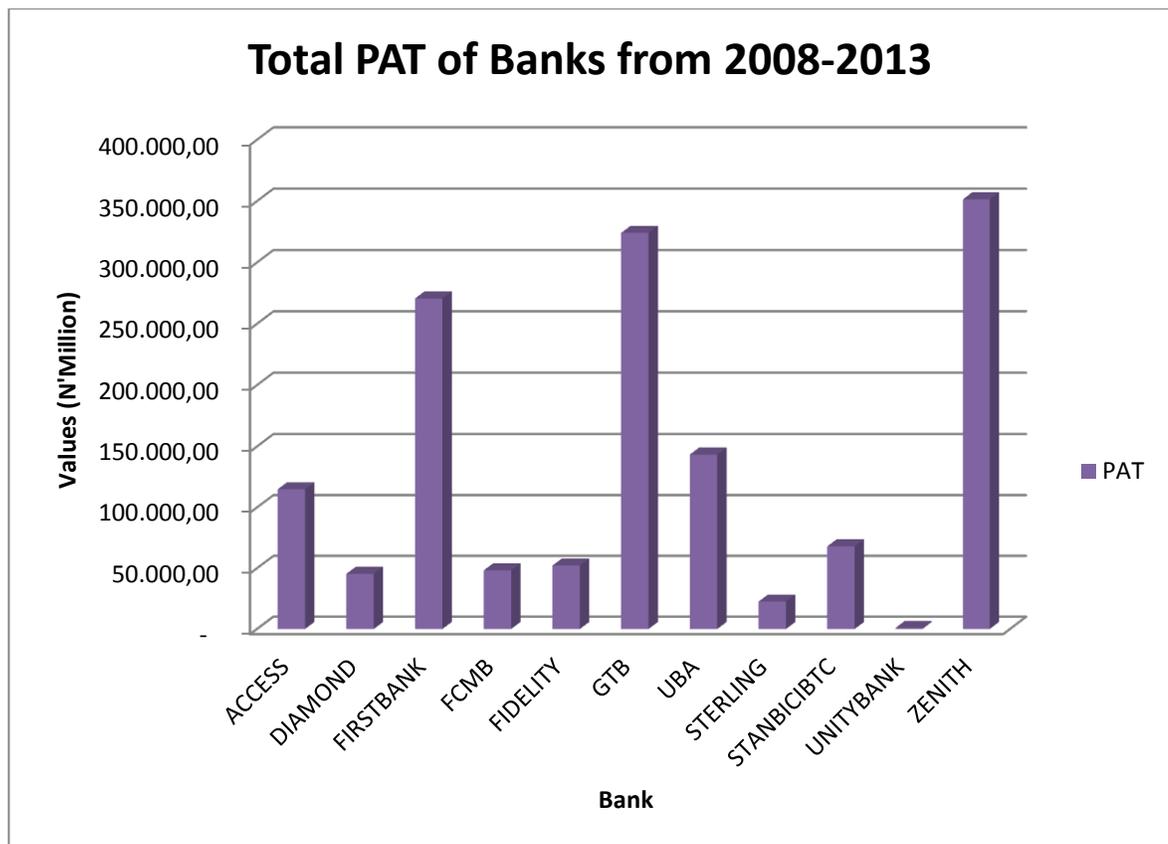
Fig. 5-8 BANKS SIZE (2008-2013)



5.2.8 Profit After Tax (PAT)

Profit after tax (PAT) is a financial performance variable which shows how the firms are fulfilling their shareholders interest. Thus, from table 5-2 Zenith has the highest PAT with a total of ₦351.39Billion (\$2.13Billion), while Unity Bank Plc has the lowest PAT value of ₦868.23Million (\$5.3Million). Below is the chart of the Profit after tax distribution:

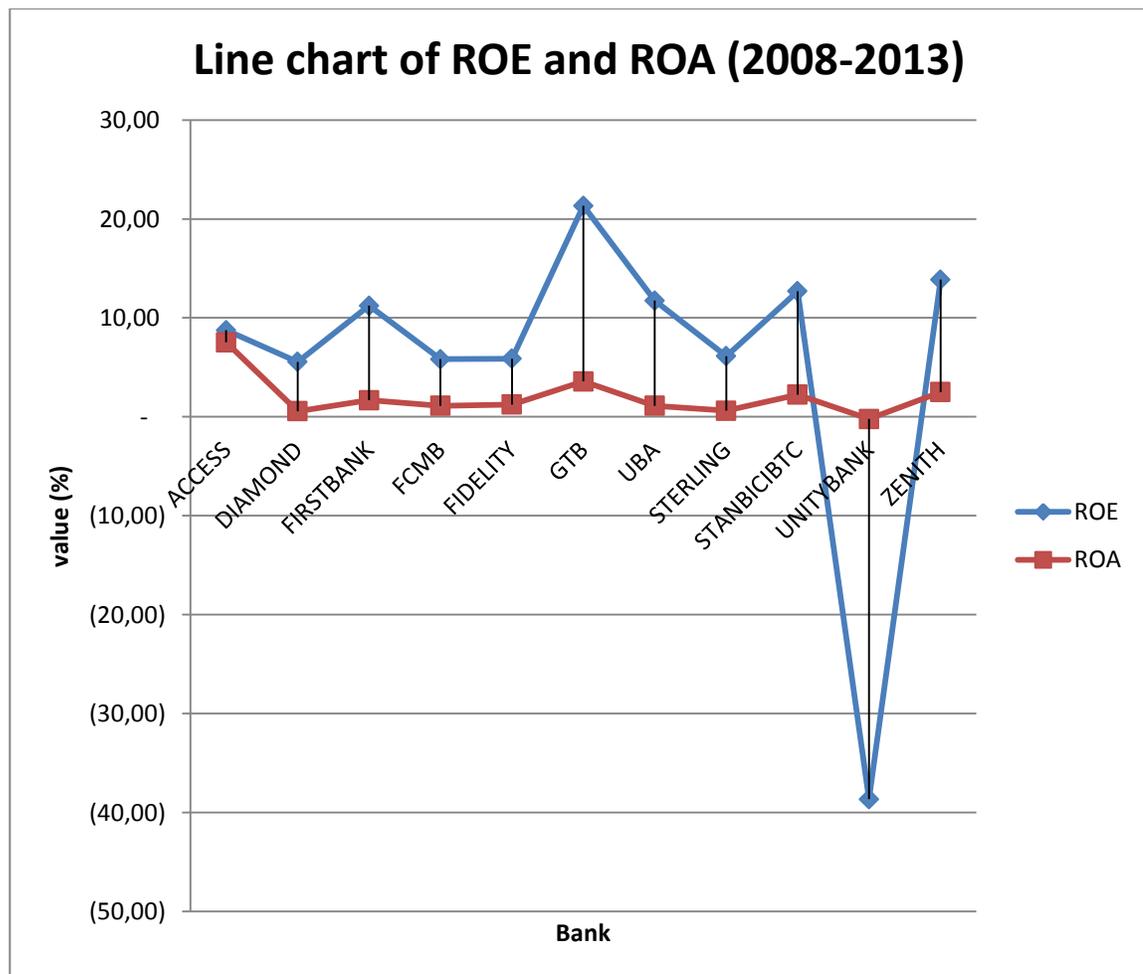
Fig. 5-9 BANKS PROFIT AFTER TAX (2008-2013)



5.2.9 Return on Asset and Return on Equity

ROE and ROA are both important factors of measuring corporate financial performance. ROE shows how firms efficiently utilize its assets to generate revenue and profit, while ROA shows how effective the firm's management utilize it asset to increase shareholders equity. The figure below shows the trends of ROE and ROA for each bank during the years under review (2008-2013).

Fig. 5-10 BANKS ROE AND ROA (2008-2013)



5.3 ANALYSIS OF REGRESSION MODELS

Regression and correlation are the analysis tools used in this study to examine the existence of the relationship between the practice of corporate social responsibility and corporate financial performance. In building the model I started with the ENTER method, then STEPWISE method and finally use BACKWARD iteration method to get the best model. The study was guided by the following three research questions:

- i. What are the CSR activities undertaken by the banking sector in Nigeria?
- ii. What is the effect of corporate social responsibility practice on performance of banks in Nigeria?
- iii. Is there a relationship between CSR and CFP?

5.3.1 The Regression Equations:

The regression equations established was as follows:

$$\text{CFP} = a + \text{CSR} + e$$

Where; CFP = Corporate Financial Performance (ROE, ROA, PAT)

CSR= All the components of Corporate Social Responsibility under study

a = Constant

e = error due to disturbance in the model

As stated in chapter we have three model to examine for CFP as given below

$$\text{CFP}_{\text{ROE}} = \alpha_0 + \alpha_1 \text{ Soc} + \alpha_2 \text{ Comdev} + \alpha_3 \text{ Environ} + \alpha_4 \text{ HRRP} + \alpha_5 \text{ Bnksize} \dots\dots\dots(1)$$

$$\text{CFP}_{\text{ROA}} = \beta_0 + \beta_1 \text{ Soc} + \beta_2 \text{ Comdev} + \beta_3 \text{ Environ} + \beta_4 \text{ HRRP} + \beta_5 \text{ Bnksize} \dots\dots\dots(2)$$

$$\text{CFP}_{\text{PAT}} = \sigma_0 + \sigma_1 \text{ Soc} + \sigma_2 \text{ Comdev} + \sigma_3 \text{ Environ} + \sigma_4 \text{ HRP} + \sigma_5 \text{ Bnksize} \dots\dots(3)$$

From the regression analysis performed on the data collected for each of the bank for 6 years (from 2008 – 2013), the summary of the results for each model are stated below and their corresponding interpretations:

Table 5-4 Regression Result for ROE and CSR Expenditure of Banks

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig. (P-Value)
		B	Std. Error	Beta		
1	Constant	-4.378	3.679		-1.190	.239
	Social	.096	.158	-.251	.605	.547
	CREP	-.187	.143	-.426	-1.301	.198
	ENRP	.082	.067	.239	1.230	.223
	HRRP	.629	.452	.364	1.390	.170
	BNKSIZE	-.452	.445	-.251	-1.015	.314

a Dependent Variable: ROE

From the above the regression model for ROE is given below:

$$CFP_{ROE} = -4.378 + 0.096x_1 - 0.187x_2 + 0.082x_3 + 0.629x_4 - 0.452x_5 \text{-----}(4)$$

Constant = slope= -4.378

x_1 =Social Responsibility Performance of the banks

x_2 = Community/Economic Responsibility Performance

x_3 = Environment Responsibility Performance

x_4 = Human Resource Performance

x_5 = Number of branches of the bank

A cursory look at the model we can observe that both Community/Economic Responsibility and Bank size are inversely related with the banks financial performance (ROE), while Social responsibility, Environment responsibility and Employee relation responsibility shows a direct relationship with the corporate financial performance (ROE). It therefore shows that there is a level of relationship between the CSR proxies and the CFP proxy (ROE). The regression coefficients, shows that α_0 (the value of firm financial performance when CSR expenditures (Investments) all rated zero) is equal to 4.378, that when the entire CSR variable are zero, the firm will have and ROE of 22.84%.

The regression model also shows that, for every one unit increase in Social responsibility by the firm, the firm financial performance in terms of ROE increase by 0.096unit ($\alpha_1= 0.096$); on the other hand, for every one unit decrease in Community/economic development effort of the bank, as a CSR component, the bank's financial performance (ROE), increases by 0.182 units ($\alpha_2= 0.187$); For every one unit increase in environmental responsibility of the bank, firm financial performance increases by 0.082 units ($\alpha_3= 0.082$) and for every one unit increase in Human resource performance, firm financial performance increases by 0.629 units ($\alpha_4= 0.629$). For the coefficient of branch network, for every one decrease in the branch size, the banks financial performance in term of ROE increase by 0.452 ($\alpha_5= 0.452$), which could be attributed to a reduction in overhead cost. The coefficient of determination for the predictor variable for the model (R^2) shows a very low value of 0.091, which mean only about 9.1% of the variation in the firm's performance (ROE) is explained by the changes in all CSR components, while about 90.9% are unexplained. Also, the P-value of all the predictor variables shows that they are not statistically significant for the above model. Thus, the model is rejected. However, I carried out a STEPWISE method on the regression for ROE and the CSR variables it shows all the independent variables are not

significant. I went further to use the BACKWARD iteration method which generated about six models. However, all the model shows that the CSR independent variables used in this research are not statistically significant to the CFP dependent variable ROE. The table 5-5 below shows the result of the BACKWARD iteration method as generated by SPSS15.

Table 5-5 Regression Coefficients(a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-4.378	3.679		-1.190	0.239
	BNKSIZE	-0.452	0.445	-0.251	-1.015	0.314
	SOCIAL	0.096	0.158	0.232	0.605	0.547
	COMDEV	-0.187	0.143	-0.426	-1.301	0.198
	ENVIRON	0.082	0.067	0.239	1.230	0.223
	HRRP	0.629	0.452	0.364	1.390	0.170
2	(Constant)	-4.853	3.576		-1.357	0.180
	BNKSIZE	-0.466	0.442	-0.259	-1.053	0.296
	COMDEV	-0.115	0.080	-0.262	-1.435	0.156
	ENVIRON	0.102	0.058	0.296	1.749	0.085
	HRRP	0.681	0.442	0.395	1.542	0.128
3	(Constant)	-1.949	2.277		-0.856	0.395
	COMDEV	-0.115	0.080	-0.262	-1.437	0.156
	ENVIRON	0.107	0.058	0.310	1.836	0.071
	HRRP	0.289	0.238	0.167	1.215	0.229
4	(Constant)	0.771	0.420		1.834	0.071
	COMDEV	-0.077	0.074	-0.177	-1.045	0.300
	ENVIRON	0.102	0.058	0.295	1.747	0.085
5	(Constant)	0.466	0.303		1.540	0.128
	ENVIRON	0.060	0.042	0.174	1.416	0.162
6	(Constant)	0.886	0.060		14.838	0.000

a. Dependent Variable: ROE

5.3.2 Regression equation for Return on Asset

Another proxy for the Corporate financial performance (CFP) is Return on Asset (ROA), which is a measure of the banks net income over its total asset. That is it a measure of how the firm management effectively use its assets to generating income and increasing shareholders value. Thus, it's a measure of how the firms fulfill its economic responsibility to its stakeholders. In this study the regression equation for the relationship between CFP(ROA) and the CSR proxies are as given below:

$$CFP_{ROA} = \beta_0 + \beta_1 Soc + \beta_2 Comdev + \beta_3 Environ + \beta_4 HRRP + \beta_5 Bnksize \dots(5)$$

Table 5-6 Regression Coefficient for CSR proxies with ROA as dependent variable

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig. (P-Value)
		B	Std. Error	Beta		
1	Constant	-5.310	2.574		-2.063	.043
	Social	.065	.111	.218	.583	.562
	CREP	-.048	.100	-.154	-.480	.633
	ENRP	-.024	.047	-.097	-.511	.612
	HRRP	.744	.317	.604	2.352	.022
	BNKSIZE	-.901	.311	-.700	-2.893	.005

a Dependent Variable: ROA

Table 5-6 shows the coefficient of the CSR proxies, that the independent variables and the relationship they exhibit with the CFP proxy (ROA the dependent variable). The coefficients of Social responsibility expenditure of the bank, Employee Relation performance show a direct positive relationship with ROA, while community/economic development spending, environmental responsibility performance

and branch network shows an inverse relationship with ROA. From the result of the ENTER method use as stated in Table 5-6, its shows that only Employee relations performance and branch network (bank size) are statistically significant to ROA in the model, with P-value of 0.022 and .005 respectively, which is less than 0.05 (at 95% level significance). Therefore, the equation for the model can be written as:

$$CFP_{ROA} = -5.310 + 0.744X_4 - 0.901X_5 \dots\dots\dots(6)$$

It is also of note that the coefficient of the determination for the above regression model is very low with a value of 12.9%, which explain why most of the predictor variables are not statistically significant. Thus, to get a better and more accurate model, I use the STEPWISE method which exclude all the CSR variables from the model, thus with this method there is no independent variable that is significant for the model. A further analysis using the BACKWARD iteration method, I got four models from the iteration between the dependent variable ROA and the independent variables CSR proxies.

The result of the iteration are given the table 5-7, and it is observe from all the four models generated that employee relations performance of the bank and branch network are statistically significant to the dependent variable ROA with calculated P-Value less than P-tabulated ($P < 0.05$) at 95% significant level. Therefore, we can accept the above regression equation (6) as being reliable for the study. This can be explain as the human resource form a substantial part of the firm's asset base, which mean any action taken on this variable will impact either positively or negatively on the assets of the firm. When the human resources are well motivated it means they will contribute positively to the operation of the bank and also, the way the human resource interact with the public have a lot to do with perception that the public will have

concerning the bank, thus they are the first image maker of the bank. On the other hand, the size of the bank in terms of branch network enhances the visibility of the bank to its customers and the general public. It also add to the general overhead of the bank, which explain why it is inversely related to ROA.

Table 5-7 Regression Coefficient for CSR proxies with ROA as dependent variable

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-5.310	2.574		-2.063	0.043
	BNKSIZE	-0.901	0.311	-0.700	-2.893	0.005
	SOCIAL	0.065	0.111	0.218	0.583	0.562
	COMDEV	-0.048	0.100	-0.154	-0.480	0.633
	ENVIRON	-0.024	0.047	-0.097	-0.511	0.612
	HRRP	0.744	0.317	0.604	2.352	0.022
2	(Constant)	-5.417	2.548		-2.126	0.038
	BNKSIZE	-0.907	0.309	-0.705	-2.935	0.005
	SOCIAL	0.021	0.062	0.069	0.333	0.740
	ENVIRON	-0.022	0.046	-0.090	-0.477	0.635
	HRRP	0.751	0.314	0.609	2.391	0.020
3	(Constant)	-5.633	2.447		-2.302	0.025
	BNKSIZE	-0.910	0.307	-0.707	-2.966	0.004
	ENVIRON	-0.011	0.030	-0.043	-0.346	0.730
	HRRP	0.780	0.300	0.633	2.600	0.012
4	(Constant)	-5.496	2.398		-2.292	0.025
	BNKSIZE	-0.899	0.303	-0.699	-2.967	0.004
	HRRP	0.757	0.291	0.614	2.606	0.011

a. Dependent Variable: ROA

5.3.3 Regression equation for Profit After Tax

The third CFP proxy to be analyzed is the Profit After Tax (PAT) is the net profit earned by the company after deducting all expenses like interest, depreciation and tax. Profits after tax directly impact the amount investors earn and hence affect market capitalization accordingly. Table 5-8 below shows the result of the regression analysis carried out using the ENTER method, also the corresponding regression model for the CFP proxy (PAT) is given below:

$$CFP_{PAT} = \sigma_0 + \sigma_1 Soc + \sigma_2 Comdev + \sigma_3 Environ + \sigma_4 HRP + \sigma_5 Bnksize \dots(7)$$

$$CFP_{PAT} = \sigma_0 + \sigma_1 X_1 + \sigma_2 X_2 + \sigma_3 X_3 + \sigma_4 X_4 + \sigma_5 X_5 \dots\dots\dots (8)$$

Table 5-8 Regression Result for PAT and CSR Expenditure of Banks

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig. (P-Value)
		B	Std. Error	Beta		
1	Constant	-33.206	24.134		-1.376	.174
	Social	1.030	1.038	.357	.992	.325
	CREP	-2.077	.941	-.681	-2.207	.031
	ENRP	.861	.439	.359	-1.961	.055
	HRRP	4.638	2.968	.386	1.563	.123
	BNKSIZE	-1.421	2.919	-.113	-.487	.628

a. Dependent Variable: PAT

From Table 5-8, the coefficient of the CSR proxies the independent variables exhibit different form of relationship with the CFP proxy (ROA the dependent variable). From Table 5-8 above its can be infer that Social responsibility performance, environmental responsibility performance, and employee relation performance shows a

positive direct relationship with the banks' corporate financial performance CFP (PAT), while community/economic development and bank size is inversely related to PAT (a CFP proxy). However, the result on table 5-8 shows that only community/economic development variable is significant to PAT with a $P < 0.05$ (.031).

Thus, to get a better and more accurate model, I use the STEPWISE method which exclude all the CSR variables from the model, thus with this method there is no independent variable that is significant for the model. A further analysis using the BACKWARD iteration method, I got three models from the iteration between the dependent variable PAT and the independent variables CSR proxies. Find below the result of the regression iterations on Table 5-9. From the Table 5-9, the second and third iteration models show a more reliable regression model for the CFP (PAT) for the CSR proxies. Three independent variables show significant to PAT, this are community/economic development (0.028, 0.015), environment responsibility (0.050, 0.006), and employee relations performance (0.038, 0.015), which are all less than P-Value (0.05) at 95% confident interval.

From, the table we can re-write the model for PAT as:

$$CFP_{PAT} = -24.233 - 2.097X_2 + 0.871X_3 + 3.429X_4 \text{ ----- (9)}$$

$$CFP_{PAT} = -28.526 - 1.304X_2 + 1.088X_3 + 3.878X_4 \text{ -----(10)}$$

Table 5-9 Regression Coefficient from BACKWARD Iteration on CSR proxies with PAT as dependent variable

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-33.206	24.134		-1.376	0.174
	BNKSIZE	-1.421	2.919	-0.113	-0.487	0.628
	SOCIAL	1.030	1.038	0.357	0.992	0.325
	COMDEV	-2.077	0.941	-0.681	-2.207	0.031
	ENVIRON	0.861	0.439	0.359	1.961	0.055
	HRRP	4.638	2.968	0.386	1.563	0.123
2	(Constant)	-24.233	15.485		-1.565	0.123
	SOCIAL	1.056	1.031	0.366	1.025	0.310
	COMDEV	-2.097	0.934	-0.687	-2.245	0.028
	ENVIRON	0.871	0.436	0.363	1.997	0.050
	HRRP	3.429	1.617	0.285	2.121	0.038
3	(Constant)	-28.526	14.913		-1.913	0.060
	COMDEV	-1.304	0.524	-0.427	-2.491	0.015
	ENVIRON	1.088	0.381	0.453	2.856	0.006
	HRRP	3.878	1.557	0.322	2.491	0.015

a. Dependent Variable: PAT

5.4 CORRELATION ANALYSIS

In order to determine the degree of the relationship between the dependent variable (CFP) and independent variables (CSR components), the pearson correlation analysis was carried-out on the variables data. The results are shown in Table 5-9 consist of all correlation coefficients between ROE, ROA, PAT and the CSR components.

Table 5-10 Predictor Variables Correlation Matrix

Correlation between CSR and ROE							
Pearson		ROE	SOCIAL	CREP	ENRP	HRRP	BNKSIZE
Correlation	ROE	1					
	SOCIAL	.101	1				
	CREP	.026	.926(**)	1			
	ENRP	.174	.762(**)	.686(**)	1		
	HRRP	.131	.489(**)	.453(**)	.265(*)	1	
	BNKSIZE	.041	.382(**)	.453(**)	.180	.865(**)	1
Correlation between CSR and ROA							
Pearson		ROA	SOCIAL	CREP	ENRP	HRRP	BNKSIZE
Correlation	ROA	1.000					
	SOCIAL	.029	1.000				
	CREP	.001	.926(**)	1.000			
	ENRP	-.003	.762(**)	.686(**)	1.000		
	HRRP	.009	.489(**)	.453(**)	-.050	1.000	
	BNKSIZE	-.168	.382(**)	.453(**)			1.000
Correlation between CSR and PAT							
Pearson		PAT	SOCIAL	CREP	ENRP	HRRP	BNKSIZE
Correlation	PAT	1.000					
	SOCIAL	.145	1.000				
	CREP	.030	.926(**)	1.000			
	ENRP	.245(*)	.762(**)	.686(**)	1.000		
	HRRP	.249(*)	.489(**)	.453(**)	.265(*)	1.000	
	BNKSIZE	.174	.382(**)	.453(**)	.180	.865(**)	1

** Correlation is significant at the 0.01 level (1-tailed).

* Correlation is significant at the 0.05 level (1-tailed).

From the above table, we can deduce that all the CSR components are significantly correlated to the CFP proxies (ROE, ROA and PAT) at 10% and 5% significant level. The result from the above table shows that the CSR proxies exhibit weak correlations to all the CFP variables (ROE, ROA and PAT). Since, most of the correlation values are less than 0.80, except community/economic development (0.926), it therefore shows that the variables does not pose a potential multi-collinearity.

Thus, the correlations results shows that as organizations' engagement in corporate social responsibility activities increases, it results in increase in organizations' earnings, improve firms asset and also positively improve company's profit both in the short and long run.`

5.5 Goodness of Fit for the model

Correlation coefficient (r) was used to determine the magnitude and the direction of the relationship between the independent and dependent variable. However, in ascertaining the overall significance of the model used in the study, the coefficient of determination R^2 (the percentage variation in the dependent variable being explained by the changes in the independent variables) and P- value were used on the data model. The table below shows the various values for goodness of fit between the independent variable (CSR) and the dependent variables (ROE, ROA and PAT). However, ROE is seen not to be significant to the independent variable thereby making me to reject the regression equation for ROE. Therefore, we will only consider the goodness of fit for PAT and ROA. From the result of the backward iteration method use for PAT and ROA and the CSR variables, the R^2 for PAT and ROA are 17.9% and 12.3% respectively. Therefore, explanatory variations of the predictor variables to the CFP proxies are very low.

5.6 RELIABILITY AND VALIDITY

In testing the reliability and validity of the model of the study, I use ANOVA and Durbin-Watson. The Analysis of Variance (ANOVA) deals with calculations that gives information about levels of variability within a regression model and form a basis for tests of significance. It provides a statistic for testing the hypothesis that:

H_0 : = 0 (there is no significant relationship between the response and predictor variables)

H_1 : $\neq 0$ (there is a significant relationship between the response and predictor variables),

Correlation exists between the dependent and predictor variables if P-Value < 0.05, in such case the alternative hypothesis will be accepted.

The table in the following page shows the various ANOVA analysis for all the CFP proxies- ROE, ROA and PAT with the CSR components (Economic/Social Responsibility, Community Development Responsibility, Environment Responsibility and Human Resource Responsibility).

Table 5-11 ANOVA TABLE FOR THE VARIABLE UNDER REVIEW

ANOVA FOR ROA (a)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.011	5	0.202	1.782	.130(a)
	Residual	6.811	60	0.114		
	Total	7.822	65			
2	Regression	0.985	4	0.246	2.198	.080(b)
	Residual	6.837	61	0.112		
	Total	7.822	65			
3	Regression	0.973	3	0.324	2.935	.040(c)
	Residual	6.849	62	0.110		
	Total	7.822	65			
4	Regression	0.960	2	0.480	4.405	.016(d)
	Residual	6.863	63	0.109		
	Total	7.822	65			

a. Predictors: (Constant), HRRP, ENVIRON, COMDEV, BNKSIZE, SOCIAL

b. Predictors: (Constant), HRRP, ENVIRON, BNKSIZE, SOCIAL

c. Predictors: (Constant), HRRP, ENVIRON, BNKSIZE

d. Predictors: (Constant), HRRP, BNKSIZE

e. Dependent Variable: ROA

From the table 5-11 above, the P-Values of (ROA and PAT) , the F-ratio are 4.405 for ROA and 4.496 which are both significant at 95% ($P \leq 0.05$). This means that there is significant evidence to infer that at least one of the explanatory variables is linearly related to ROA and PAT.

5.6.1 DUBIN WATSON TEST

The essence of this test is to ascertain if there is existence of autocorrelation amongst the predictor variables in the least square regression model, usually with the residual values.

Thus, the null hypothesis (H_0) is accepted when the residuals from the ordinary least-square regression model are not auto-correlated, while the alternative hypothesis (H_1) assumes that there is existence of autocorrelation in the regression model.

H_0 = (There is no autocorrelation in the regression model)

H_1 = (There is autocorrelation in the regression model)

The Durbin-Watson statistic ranges in value from 0 to 4. A value near 2 indicates non-autocorrelation; a value toward 0 indicates positive autocorrelation; a value toward 4 indicates negative autocorrelation.

From the result of the regression model given in tables 5.4.3 above, the dubin-watson values for each model are 1.532 (ROE), 1.686 (ROA) and 1.895 (PAT). Thus, the three values of dubin-watson for the three regression model in this study shows that there are no existence of autocorrelation in the three regression models. Thus the H_0 is accepted.

CHAPTER SIX

FINDINGS, LIMITATIONS, CONCLUSION, RECOMMENDATIONS

6.0 INTRODUCTION

This chapter present the findings, conclusion and draw recommendations from all the qualitative and quantitative analysis presented in chapter five.

6.1 SUMMARY OF FINDINGS

The objective of this study was to empirically examine the extent to which corporate social responsibility contributes to financial performance of listed firms in developing economy, with emphasis on Nigeria being the most populous country in Africa, Nigeria indigenous organization were chosen as the focus of the study.

CSR is an international business concept from western states, and just as it took the foreign organization to incorporate CSR into their strategic plan so is it for most companies in Africa. CSR is seen by most African and Nigeria in particular as a philanthropic gesture which could be done on a voluntary basis but not as a strategic activities.

Banking sector is an important and most striving and growing industry in the financial sector of most economy of the African Nations, especially Nigeria. And over the years, the sector has witnesses a lot of reform from government, regulatory agencies and competitions to shape the operations of the banks to behave ethically, transparent and socially responsibility as their actions and inactions has a direct impact on the Nigeria economy and all stakeholders from Shareholders, Staff, customers, and the operating community or society in which they operates.

The study collects and collates data on variables which are related to CSR and financial performance from the list of viable banks in Nigeria with updated financial statement in order to achieve the objective of the research findings. These variables included ROE, ROA and PAT which represents the proxies for the corporate financial performance (CFP), while the CSR variables are group into four major themes of Economic/Social Responsibility, Community Development responsibility, Environment responsibility and Human resource responsibility. Regression model was constructed between the dependent and the independent variable, as given below:

$$\text{CFP}_{\text{ROA}} = -5.310 + 0.744X_4 - 0.901X_5 \dots\dots\dots(6)$$

$$\text{CFP}_{\text{PAT}} = -28.526 - 1.304X_2 + 1.088X_3 + 3.878X_4 \text{-----}(10)$$

Though, the two models above show that there is significant relationship between CFP and CSR. That is, the CSR expenditures of the banks have a correlation with the banks financial performance. However, from the first model we can see that the banks are not disclosing and budgeting more on environmental issues because their activities does not impact directly with the environment to warrant a negative actions from environmentalist or stakeholders.

It is interesting to note that all banks still treats CSR as a philanthropic venture which depicts the business culture of most indigenou Nigeria firms. But with stiff competitions, industry regulations and reforms and more expectations from customers and others stakeholders and the need for the banks to have an International outlooks, all the viable banks in Nigeria now are adopting CSR as sustainability strategy in order to gain good reputation and earn trust from all stakeholders.

Also, a cursory look at all the Annual Reports of the selected banks in the study shows that all the banks in Nigeria have adopted CSR as an important business and management activities in their business process. Also, level of CSR reporting has improved and they have also included it in their strategic business plan to form their sustainability strategy. Though, all these banks still treat CSR spending as donations or their philanthropic endeavor to the society.

Observations from the annual reports of these banks also show that the CSR spending follows the same pattern. They engage in promoting and financing of education, Art and culture, Health, Orphanage, security, donations to disaster victims, security foundations, SMEs financing, Youth empowerment, women and disability support. Thus, a company engaging in this kind of activities is seen by customers and general public as being citizenship responsible.

The study established that most banks in Nigeria are engaged in carryout the most visible components of CSR practice. CSR engagements related to employee, community/economic development, social engagement (education, sport, art and culture), environments and employee relations, were discovered to be implemented by all the banks during their operating period at different levels. In all, most CSR engagements of these banks are channeled to take care of community welfare, followed by employee relations, to economic/social responsibility and then the environmental engagement. The lowest responsibility engagements of the banks are those aimed at solving environment problems, products and customers.

Therefore, from the various CSR components and activities of the studied banks, we can say the banks in Nigeria are fulfilling the objective of CSR concept in areas of ethical (reporting, governance), economical (fulfilling the interest of the shareholders), legal obligations (pay taxes, operating in tandem with regulatory laws etc), and philanthropic (engage in activities that promotes community development, youth and women empowerment).

6.2 LIMITATION OF THE STUDY

The first limitation of this study is based on the use of content analysis emphasis on the accounting method of analyzing financial performance; previous research has proved that the data obtained may be subjective in nature. Thus, the use of market based method would have compliments the results obtained, though with its own peculiarity.

A second limitation of this study is the fact that the measure of CSR is obtained solely from the annual reports of the selected banks, questionnaires are not drawn, which would have help to get information from responses on customer view of the banks CSR activities, staffs and other stakeholders in the operating environment to know the awareness level of CSR activities of these banks. Though, the annual reports, shows that most of the bank has been explicit in reporting their CSR activities both in quantitative and qualitative terms.

Thirdly, this research focused on the four stakeholders; employees, customers, environment and community. However, these are not the only stakeholders of an organization; other primary stakeholders include suppliers and shareholders or secondary stakeholders such as the media. Our study seems to suggest that Commercial Banks in Nigeria engaged in corporate social responsibility in order to satisfy stakeholder interest

especially those interest that relate to employees and community this is in conformity with stakeholder theory as relates to corporate social responsibility.

Another limitation of the study is also the fact not all the banks in Nigeria are included in the study, because of lack of disclosure of some of the banks. The researcher could not carry out a primary survey to ascertain the validity of some important variables. The reason for this is the difficulty in collecting data in a developing country like Nigeria. Furthermore, we only examine corporate social responsibility disclosure in annual report whereas there are other method by which banks can disclose their CSR activities like stand- alone report and their websites, which some banks do not have.

Also, the travel constraints from Turkey to Nigeria to monitor and have a personal interview with the top management of these banks inform the choice of limiting the research to about thirteen competing banks in Nigeria.

6.3 CONCLUSION

Whether benefiting from CSR or not, it has become mandatory for firms to carry out CSR activities. Financial performance is a necessity for survival and growth of any firm. Scholars and practitioners continue to insist that CSR principles be integrated with core business strategies. They believe that this will not only improve their economic objectives but will contribute to society efficiently and in sustainable manner. The trend has shifted to strategic CSR performance of firms, though the thrust of establishing a link between CSP and CFP is in dispute and inconclusive.

CSR should be strategic to the goal of the organization. Therefore, the need for a harmonious co-existence between corporation and the host communities becomes imperative, that is, a kind relationship that promote a mutual benefit between the organization's economic benefits and society's development. There is need for an unwritten "social contract", which promote voluntary social responsibility engagement from the firm to the society, without recourse to coerced duty rather it should be a like voluntary sociable compromise established on the desire of the community.

The importance of CSR in the modern contemporary business management cannot be over-emphasized as a tool for gaining competitive advantage amongst various business sectors in which the banking sector is not left out. Various literatures and researches has shown that there are more advantages accruing to organization that undertake CSR engagements and disclosures amongst which includes -improve economic efficiency (Hossain and Reaz, 2007), increase company brand reputation (Bayoud et al. 2012a), encourage mutual relations between organizations and host community (Branco and Rodrigues, 2006), improve customers loyalty and also encourage attraction and retention of good employees leading to increasing organizational commitment (Bayoud et al. 2012a) among other benefits.

CSR activities are important and majority of the banks in Nigeria, which represent an important player in Nigeria economic development have been seen to adopt the concept in their strategic policy thrust. The CSR engagements which focused on the community development are more prominently felt and appreciated by the society and organizations needs to endeavor to implement these CSR activities to achieve desired competitive advantage in the market. Community inclusion is very vital most especially on issues that relate to their well-being as a result help the company to direct their social engagement to the pertinent areas that meet the yearnings of the community.

Nigeria corporate governance framework and social-economic conditions are shape by three important drivers: waves, issues and modes. Waves represent CSR driver like community engagement, socially responsible production process, and responsible social staff relations. Issue highlights firms CSR engagement that is valued by the society like- environment, education, employee welfare and health and safety. While modes focus on how the CSR engagement will be implemented by the firm –this can be by establishment of philanthropic foundation and codes.

An important lesson from Nigeria perspective of CSR is that there is difference in meaning and implementation of CSR definition and concepts as viewed by the west. For example, what is considered a philanthropic rationale in the West can customarily be seen as a business motive in Nigeria? Thus, philanthropic objectives and business objectives are closely related in a country like Nigeria. For example, business operations in Nigeria can be affected when the workforce are infected by dreaded disease like HIV/AIDS and also inadequacy in infrastructures.

The result from the data analyses of this study shows that, there is existence of positive relationship between CSR expenditures and banks profitability. This can be

inferred from the records of most of the Banks has shown that the more companies increase its' CSR expenditure spending, there is a further reduction in tax paid by the banks; reduce litigations and improve banks goodwill. It therefore means that the investment made by the banks or organizations on socially benefiting projects to the society are pre-requisite for conducive business environment and long run survival of the business.

Study has shown that CSR has a positive contributions to the organization well-being not only for multinational corporation but also indigenous companies to be competitive, has public are now more informed and are increasingly setting a standard ethics that organization are expected to meet to get good patronage from the public. Some of the contribution or benefit of CSR to organization in developing economy include: increased brand image and reputations, greater access to finance, a healthier and safer workforce, stronger risk management and corporate governance, motivated workforce, increase customer loyalty, enhanced confidence and trust of stakeholders and an enhanced public image.

Therefore, for firms to be competitive apart from implementing other concept of marketing strategies, CSR is a valuable tool that firms can engage in to attract good customer patronage, gain some benefits from government through tax reduction, tax holidays, and also enjoy good reputations from the public.

Conclusively, organization in Nigeria and Africa in general should be concerned with engaging in and implementing CSR activities targeted at addressing the social-economic development challenges of the country (region) (i.e poverty alleviations, health care provision, infrastructure development, education, etc) and also embrace the development of environmentally friendly production and operation process, taking into

considerations employee welfare and customer satisfaction, without jeopardizing the shareholders interest.

6.4 RECOMMENDATIONS

Based on the findings on how engagements in CSR practices by Banks in Nigeria has contributed to their performance over the years, I therefore recommends that Organizations operating in Nigeria should invest in CSR activities that will support and assist the government and the society in areas of poverty alleviation, improve infrastructure and also enhance security without compromising the interest of the shareholders, in order to enhance their image and better reputation thereby achieving a better and increased returns on investment in the long-run.

Organizations in Nigeria and Africa at large most especially banks should be committed to good corporate governance, which is an aspect of CSR because of their strategic position in nations development. This is important to ensure all stakeholders have a good confidence in their operations as this will increase customer patronage and loyalty.

There is need for Government Agency in charge of investment to organize public enlightenment, seminars and conferences on benefit of both public and private organizations engaging and implementing CSR in their policy thrust. This will increase the awareness of corporate bodies in Nigeria on their social obligations to all its' stakeholders. That is, business managers should look beyond profit-making and maximization of shareholder wealth but also to endeavor to satisfy social needs of the society.

Thus, in the wake of increasing awareness of customers and general public, it is important for banks and firms in developing economy to amp more on educating the public about their CSR activities and engagement, not only in their annual report or websites, but they should explore others medium like TV or Radio. That is they should use programme sponsorship/hype to educate and inform the public on their CSR activities.

Therefore, organization both indigenous and international operating in the Nigeria and other African countries should be transparent in operations, citizen responsible focus, improve environmental pollution process and banks should finance project that does that impact negatively to the environment, to reduce poverty and unemployment in this region, firms should invest in activities that will empower youth and women development.

The government should encourage both indigenous and multinational corporations that are seen actively investing in CSR activities by giving good tax concessions as a way of reducing financial pressure on the business units, due to infrastructural inadequacy. It is believed that organizations will be more socially responsible if there financial pressures are reduced.

There is need for government to design a measure for tracking corporations' engagement and investment in social responsibility activities in the society by setting-up special agency. This is will check-mate the activities of bad managers who records high costs on paper for CSR to avert tax/reduce tax burden and without given anything back to the society.

The National Assembly should come up with bills that will provide effective guide lines and ensure enforcement of corporate social performance amongst corporate bodies operating in Nigeria, which should be enforceable by the relevant government units.

Relevant agency of government, NGO's and the Media should organize events to give awards and recognition to business managers and business organization that have excelled in their social responsibility performance to encourage healthy competitive social performance amongst the indigenous and multinational operating in Nigeria.

The incorporation of social performance reports in the financial statement of companies most especially banks in Nigeria should be encourage by business regulatory agency to enhance good corporate governance practices.

REFERENCES

BOOKS AND THESIS

AMAESHI, Kenneth. M., BONGO, C. Adi., OGBECHIE Chris. and AMAO Olufemi., (2006). **“Corporate Social Responsibility (CSR) in Nigeria. Western Mimicry of Indigenous practices”**. Nottingham University Business School. International centre for corporate social responsibility. No. 39-2006 ICCSR Research Paper Series 1479-5124. (Published)

ANNA Ejmfors & HARTWIG Annie; **“Value Creation Through Corporate Social Responsibility- An illustrative study of five Swedish insurance companies”**; Seminar Paper submitted to the Department of Business Administration, Lund University, Sweden, 2008 (Unpublished).

ÅSA Helg: **“Corporate Social Responsibility from a Nigeria Perspective”**; Master Thesis; Högskolan VIDGÖTEBORGS UNIVERSITET, Dept of Management and Organisation; Published; 2007.

CECILIA Wallen & WASSERFALLER Maria: **“Internal Organisational Factors Influencing Voluntary CSR Disclosure- The case of three Swedish State-Owned companies”**; Gothenburg University; School of Business, Economics and Law; Bachelor thesis, 2008.

CROWTHER, David & RAYMAN-Bacchus, Lez ed **“Perspectives on Corporate Social Responsibility”**. Ashgate Publishing Limited, p.3, 2004

CROWTHER David, GÜLER Aras; **“Corporate Social Responsibility”**, Venture Publishing Aps, 2008. (www.bookboon.com)

DAVID Polášek, M.B.A: **Corporate Social Responsibility in Small and Medium-Sized Companies in the Czech Republic**; CZECH MANAGEMENT INSTITUTE PRAHA; ESCUELA SUPERIOR DE MARKETING Y ADMINISTRACIÓN BARCELONA; PHD Thesis in Business Administration Programme; 2010 (Unpublished).

HOHNEN Paul & JASON Potts; **“Corporate Social Responsibility- An Implementation Guide For Business”**; Published by International Institute for Sustainability Development, Canada, 2007.

HOWARD Rothman Bowen. “**Social Responsibility of business**”; Published by New York Harper Press; University of Michigan, U.S.A. Pg 22; 2011.

LORRAINE Sweeney (PHD Thesis): “**A Study of Current Practice of Corporate Social Responsibility (CSR) and an Examination of the Relationship Between CSR and Financial Performance Using Structural Equation Modeling (SEM)**” (Published); Dublin Institute of Technology, College of Business; 2009.

MAHAD Huniche & PEDERSEN Esben Rahbek: “**Corporate Citizenship in a developing countries – New partnership perspective**”; 1st Edition; Copenhagen Business School Press, Narayana Press, Gylling Denmark; pg. 29; 2006.

PEDERSEN, Esben Rahbek., and Huniche, Mahad (eds.). **Corporate Citizenship in Developing Countries**. Copenhagen: Copenhagen Business School Press. Pg 29; 2006.

PHILLIP Kotler & ARMSTRONG Gary: “**Principles of Marketing**” 11th Edition; Prentice Hall, USA; pg 618; 2006.

SAMUEL C. Certo & TREVIS S. Certo; “**Modern Management – Concepts and Skills**”; 12th Edition; Prentice Hall, USA; pg 50- 79; 2012.

THOMAS Wheelen & DAVID Hunger, “**Strategic Management and Business Policy – Towards Global Sustainability**” 13th Edition; Pearson Education, Inc, publishing as Prentice Hall, USA; pg 70-90; 2012

WONG Ho Yin- “**CSR and Firm Performance- Evidence from China**” Master Thesis; Lingnan University; Department of Accountancy, 2012. (Unpublished)

XAVIER Freixas and ROCHET Jean-Charles. “**Microeconomics of Banking**”, The MIT Press; Cambridge, Massachusetts, London England; pg 308;2008.

JOURNALS AND REPORTS

ADEGBOYEGA, Oguntade. and TAIWO, Mafimisebi. “**Contributions of Corporate Social Responsibility to Agriculture and Rural Development in Nigeria**”. Journal of Sustainable Development in Africa, 13(4):Pp.1-126, 2011.

ADEYANJU, Olanrewaju David; “**An assessment of the impact of corporate social responsibility on Nigerian society: The examples of banking and communication industries**”; Department of Financial Studies Redeemer’s University, Ogun State Nigeria; Publish in Universal Journal of Marketing and Business Research Vol. 1(1) Pp. 17-43, May, 2012.

AKINDELE, Ayomide. I. “**Corporate social responsibility: an organisational tool for survival in Nigeria**”; African Journal for the psychological study of social issues, 19(2): Pp.10-15, 2011.

AMOLE, Bilqis Bolanle., ADEBIYI, Sulaimon Olanrewaju. and AWOLAJA, Ayodeji Muyiwa. “**Corporate Social Responsibility and Profitability of Nigeria Banks – A Casual Relationship**”. Research Journal of Finance and Accounting, 3(1):Pp. 6-17. 2012.

BECK, Thorsten, ASLI, Demirgüç-Kunt, and VOJISLAV, Maksimovic. “**Financial and Legal Constraints to Firm Growth: Does Size Matter?**” Journal of Finance 60: Pp. 137–177, 2005.

BUCKSTEIN Jeff, CGA, “**Corporate Social Responsibility (CSR)-THE FUNDAMENTALS**”, Journal of Certified General Accountants, (www.cga-pdnet.org), Canada, 2010.

CARROLL Archie B. “**The Pyramid of Corporate Social Responsibility**”. Journal of Business Horizon; Published by Elsevier Inc.; Vol.34; July- August, 1991. Pp. 39-48

CLARKSON, Max. “**A Stakeholder framework for analyzing and evaluating Corporate Social Performance**”. Academy of management review, 20: Pp. 92-117, 1995.

COCHRAN Phillip and WOOD Robert, “**Corporate Social Responsibility and Financial Performance**”; The Academy of Management Journal; Vol. 27, No 1, Pp. 42-56, 1984.

CRANE Andrew and MALTEN Dirk. **“Stakeholders as Citizen- Rethinking rights, participations and democracy.** Journal of Business Ethics; Vol. 53(1): Pp.107-122;2004.

DIRK Matten & JEREMY Moon: **‘Implicit’ and ‘Explicit’ CSR: A conceptual framework for a comparative understanding of corporate social responsibility: A report Submitted to Academy of Management Review.** Published. Pp 8-15; 2008.

EDVARDSSON, Bo. and ENQUIST, Bo., **‘The IKEA Saga’: How Service Culture Drives Service Strategy;** The Service Industries Journal. Vol. 22, No 4, Pp. 53-186; 2002.

FRYNAS Jędrzej George. **“Beyond Corporate Social Responsibility: Oil multinationals & Social changes”;** Published by Cambridge University Press; p. 36; 2009.

GRIFFIN Jennifer .J & Mahon John .F **“The Corporate Social Performance and Corporate Financial Performance Debate: Twenty-five years of Incomparable Research”;** Business and Society, Vol. 36, pp 5-31;1997.

GUTHRIE James (University of Sydney), ABEYSEKERA Indra (University of Sydney), **“Content Analysis of Social, Environment Reporting: What is New?”** paper presentation at the University of Wollongong, Australia; faculty of Commerce; published in Journal of Human Resources Costing & Accounting, 10(2), 2006.

ITE, U. E.. **‘Multinationals and Corporate Social Responsibility in Developing Countries: A Case Study of Nigeria’.** Corporate Social Responsibility and Environmental Management, 11(1): pp.1–11; 2004.

JENSEN Michael C. and FULLER Joseph, **‘Just Say No to Wall Street: Courageous CEOs are putting a stop to the earnings game and we will all be better off for It,’** Journal of Applied Corporate Finance, Vol. 14, No. 4, pp 41-46; 2002.

LAI Oso and BELLO Semiu - **The Concept and Practice of Corporate Governance in Nigeria: The Need for Public Relations and Effective Corporate Communication.** Department of Mass Communication, Caleb University, Lagos State, Nigeria and Department of Mass Communication, Crescent University Abeokuta, Ogun State, Nigeria; 2012.

MASUD Abdul Kaium & HOSSAIND Mohammad Sharif, **Corporate Social Responsibility Reporting Practices in Bangladesh: A Study of Selected Private**

Commercial Banks ¹(Lecturer, Dept. of Business Administration, Noakhali Science and Technology University, Bangladesh -3814), ²(Lecturer in Accounting, Dept. of Business Administration, Uttara University, Bangladesh,), IOSR Journal of Business and Management (www.iosrjournals.org); (IOSR-JBM) ISSN: 2278-487X. Volume 6, Issue 2;), Pp. 42-47; Nov. - Dec. 2012.

MARREWIK Marcel Van. “**Concepts and Definitions of CSR and Corporate Sustainability**”; Journal of Business Ethics; Vol. 44(2/3), Pp. 95-105; 2003.

MEIJER May-May and SCHUYT Theo. “**Corporate Social Performance as a bottom line for consumers**”. Journal of Business and Society; vol. 44, p. 442; 2005.

MOSKOWITZ, Milton. “**Choosing socially responsible stocks.**” Business and Society Review, Vol.1: Pp. 71-75; 1972.

MCGUIRE, Jean. B., ALISON Sundgren, and SCHNEEWEIS Thomas. “**Corporate social responsibility and firm financial performance.**” Academy of Management Journal, Vol. 31 (4): Pp. 854- 872; 1988.

MCWILLIAMS, Abigail, and SIEGEL, Donald, “**Corporate Social Responsibility and Financial Performance: Correlation or Misspecification?**,” Strategic Management Journal, vol. 21; pp. 603-609; 2000.

NMECHIELLE Vincent and NWAUCHE Enyinna. “**External –internal standards in corporate governance in Nigeria.**” Paper presented at the conference on Corporate Governance & Accountability in Sub-saharan Africa. The George Washington University Law School; Public Law & Working Paper; No 115, p.49; Oct. 2004.

RIM Makni, CLAUDE Francoeur & FRANCOIS:- “**Causality Between Corporate Social Performance and Financial Performance: Evidence from Canadian Firms**”; Journal of Business Ethics (2009) 89: pp.409–422 Springer 2008 DOI 10.1007/s10551-008-0007-7.

WAYNE Norman and MACDONALD Chris . “**Getting to the Bottom of Tripple Bottom Line**”. Business Ethics Quarterly Journal; Vol 14(2); pp.43-62; April, 2004.

THE AFRICAN ECONOMY ONLINE Magazine – “**Nigeria Banking Reforms**” July, 2013. www.africanbusinessmagazine.com

AFRI-INVEST – “**Nigeria Economy Outlook- 2012**”; www.afrinest.com

CBN – **Reports and Circular on “Implementation of Sustainable Banking principles by Banks, Discount Houses, and Development Financial Institutions in Nigeria”**; July 2012. www.cbn.com

CENTRAL BANK OF NIGERIA (CBN) – **“Nigeria Economy Report”** April, 2013. www.cbn.com

NIGERIA BUREAU OF STATISTICS (NBS) – **“Nigeria Economy Outlook for 2012 – 2015”**, pp 3-5; www.nigerianstat.gov.ng

BANKS REPORTS

1. Access Bank Plc – Annual Report and Accounts -Sustainability Report, 31 December, 2012 www.accessbankplc.com
2. First Bank Plc- Annual Report and Account, 31 December, 2012: “One Journey One Business” www.fbholdings.com/annualreport/2012
3. Diamond Bank Plc: - Annual Reports and Accounts, 31 December, 2012 – “A Radiant Outlook”; www.diamondbank.com
4. First City Monument Bank (FCMB) Plc- Annual Reports and Accounts, 31 December, 2012. www.firstcitygroup.com
5. Fidelity Bank Plc – Annual Reports and Accounts, 31 December, 2012; www.fidelitybankplc.com
6. Guaranty Bank Plc – Annual Reports and Accounts, 2012; CSR Reports “Service through Corporate Social Responsibility”; www.gtbank.com
7. Sterling Bank Plc – Annual Reports and Financial Statements, 31 December, 2012; www.sterlingbankplc.com
8. Sky Bank Plc – Consolidated Annual Reports and Financial Statements, 31 December, 2012; www.skybankplc.com
9. Stanbic-IBTC Bank Plc –Annual Reports 31 December,2012; “Innovations, Responses, Dynamics Connections”; www.stanbicibtc.com

10. United Bank for Africa (UBA) Plc –Annual Reports, 31 December,2012; “Partnering with Africa for Development”; www.ubagroup.com
11. Union Bank Plc – Consolidated Annual Reports and Financial Statements, 31 December,2012; www.unionbankng.com
12. Unity Bank Plc – Annual Reports and Accounts -31 December, 2012 www.unitybankng.com
13. Zenith Bank Plc – Consolidate and Separate Financial Statements, 31 December, 2012; www.zenithbank.com

Appendices I

SN	ECONOMIC/SOCIAL INVESTMENT RESPONSIBILITY	Community Development Responsibility	Human Resource Investment Responsibility	Environmental Responsibility	Products Quality and Consumer Relations
	<p>Support for leadership initiative</p> <p>Value-oriented initiative</p> <p>Youth empowerment initiative</p> <p>Institutional Economic empowerment</p> <p>Capacity building for women</p> <p>Financing SME's</p> <p>Support for R& D Initiative</p>	<p>Educational support/development</p> <p>Health Institutions Support</p> <p>Disability support</p> <p>Donations to NGO's</p> <p>Promotion of Arts/Culture</p> <p>Promotion of Sports</p> <p>Donations to Orphanages</p> <p>Support for Cancer Awareness /Aids</p> <p>Donations to Security Agencies</p>	<p>Employee numbers</p> <p>Employee remuneration</p> <p>Employee share ownership</p> <p>Employee consultation/Engagement</p> <p>Employee training and education</p> <p>Employee of disable</p> <p>Trade Union activity information</p> <p>Employee Health and Safety</p> <p>Employee assistance benefit</p> <p>Individual and Branch</p> <p>Performance Appraisal</p> <p>Equal Opportunity (Gender balance)</p> <p>Employee Recreation</p> <p>Number of employees received the training</p> <p>Board and Management Structure</p> <p>Pensions and health benefits</p> <p>Employee Volunteerism</p> <p>Knowledge Management</p> <p>Workplace Policy on HIV/AIDS</p> <p>Awards on HR Issues</p>	<p>Environment policies of the bank</p> <p>Energy utilization/Efficiency</p> <p>Environment awards</p> <p>Lending and investment policies</p> <p>Conservation of natural Resources and Recycling activities</p> <p>Disclosure concerning energy efficiency</p> <p>Sustainability</p> <p>Environmental standard consideration for extending loan (Risk)</p> <p>Promotion of environmental awareness</p> <p>Donations to Victims of National Disaster</p>	<p>Customer satisfaction of the quality of company's products</p> <p>Customer complaint channels/Feedback Innovations</p> <p>SME's Products Financing</p> <p>Provision for disabled, aged, women etc customers</p> <p>Electronic/online banking</p> <p>Improvement of Customer service</p> <p>Product Research and development</p> <p>Information about quality of product/service</p> <p>Agriculture and Rural credit policy</p> <p>Number of branches</p> <p>Investment in I.T</p>

Appendices II

REPORT OF SELCTED BANKS FOR 2008 -2013 (N'000,000,000)

Bank	Years	PAT	ROE	ROA	BNKSIZE	SOCIAL	COMDEV	ENVIRON	HRRP
AccessBank	2013	36.298	14.85	1.98	345	0.029	0.062	0.3	29.568
	2012	39.328	16.3	2.25	310	0.043	0.114	0.016	26.29
	2011	16.708	8.5	1.02	310	0.035	0.128	0.021	22.091
	2010	11.068	6.31	1.4	110	0.018	0.058	0.028	15.616
	2009	-4.402	-2.62	-0.64	88	0.036	0.102	0.02	10.166
	2008	15.853	9.22	1.52	78	0.042	0.043	0.061	4.117
Diamond	2013	28.545	20.56	1.88	251	0.232	0.205	0.067	29.429
	2012	22.108	20.31	1.88	222	0.099	0.064	0.051	25.963
	2011	-11.215	-12.02	-1.4	211	0.371	0.167	0.013	16.369
	2010	1.288	1.2	0.22	212	0.062	0.179	0.008	16.477
	2009	-8.174	-7.71	-1.26	208	0.021	0.02	0.003	11.614
	2008	12.821	10.93	2.05	169	0	0	0	10.596
Firstbank	2013	70.631	14.97	1.83	867	0.871	0.816	0.127	65.82
	2012	76.801	17.4	2.38	714	0.521	0.488	0.076	68.879
	2011	44.786	12.25	1.58	650	0.524	0.385	0.06	54.264
	2010	29.178	8.6	1.27	611	0.665	0.331	0.041	47.313
	2009	12.569	3.73	0.63	523	0.646	0.518	0.066	45.819
	2008	36.679	10.43	2.40	453	0.15	0.27	0.019	33.431
FCMB Bank		16.00116	11.14	1.59	265	0.222621	0.087006	0.129916	24.15545
		15.1217	11.46	1.66	254	0.017195	0.18481	0.0251	18.54533
		-9.91515	-8.42	-1.65	180	0.0355	0.031777	0.015008	13.29605
		7.934971	5.89	1.47	150	0.0411344	0.031045	0.005433	13.58462
		3.995	3.19	0.77	130	0.0349642	0.026388	0.004618	12.90539
		15.091	11.69	2.83	120	0.033216	0.025069	0.004387	12.26012

UNITY Bank	2013	9.127229	14.98	2.20	245	0.0297555	0.01965	0.006737	15.01441
	2012	6.180061	12.01	1.56	240	0.0199	0.01586	0.0035	14.5771
	2011	2.43174	5.47	0.65	242	0.008416	0.011382	0.002628	14.18472
	2010	12.48755	28.19	4.09	234	0.0167725	0.015985	0.02	15.51239
	2009	-16.1129	-	-6.25	200	0.01218	0.077874	0.025	24.34872
	2008	-13.2455	-68.39	-3.62	185	0.0104251	0.070736	0.02054	12.7217
ZENITH Bank	2013	91.588	17.99	2.91	340	0.242	0.2786	0.3354	59.952
	2012	100.681	21.75	3.87	500	0.35946	0.32274	0.0238	52.427
	2011	48.704	12.35	2.09	357	0.298825	0.37626	0.040915	47.387
	2010	37.823	10.16	1.98	315	0.266495	0.185708	0.050797	34.185
	2009	20.603	5.96	1.24	350	1.0189085	0.756916	0.184176	45.443
	2008	51.993	14.96	2.92	400	0.1937714	0.317295	0.04	33.942

Computed from the published annual reports of the selected banks (2008-2013). Note all variables figures are divided by 1Billion except ROE,ROA and Bank size

ABSTRACT

The concept of corporate social responsibility is an emerging management philosophy which describes how corporations adopt social factors to their commercial operations without jeopardizing the interest of its investors and other stakeholders. It is based on this premises that the researcher seek to review and evaluate the contributions and effects of CSR in the modern day business performance especially from the developing economies perspectives, which has limited researches and literatures due to the fact that most writers believed the concept is more prominent with the west and developed economies. The concept of CSR in management emanated from the need to address corporate governance, corporate sustainability, corporate citizenship and also ensure smooth communication and relationships amongst its stakeholders.

To some scholars CSR is just one aspect of marketing management which addresses how the corporation relates to its public called public relations in a bid to satisfy the stakeholders of the organization which includes the customers, the NGOs, and the host community. The case of Nigeria in this thesis is of important on CSR perspective in Africa because Nigeria is the most populous nation in Africa and with the biggest market. Also, banking sector is an important sector which oil the wheel of the economy because Nigeria and most African Nations are import base economy with limited productive activities. The study then focus on how the incorporations of CSR concept into the policy thrust of bank in Nigeria affects their profitability using Return on Asset, Return on equity and Profit after Tax as dependent variables, while the CSR engagement of the bank taking from the stakeholders perspectives are use as the independent variables.

Key Words: Corporate Social Responsibility, Developing Economies, Return on Asset, Return on Equity, Profitability, Stakeholders, Corporate Citizenship, Corporate sustainability

ÖZET

Kurumsal sosyal sorumluluk kavramı geliştirmekte olan bir yönetim felsefesi evlat nasıl tanımlanacağına ilişkin şirketler sosyal faktörler ticari işlemleri ilgi tesislerinizde bulunan, yatırımcılar ve diğer paydaşlar. Bu sistem temel olarak bu tesislerde, araştırmacı için arayışında gözden geçirin ve değerlendirin katkıları ve etkileri CSR modern iş günü performans özellikle geliştirmekte olan ekonomiler perspektifler, hangi, sınırlı araştırma ve edebiyatları, çoğu yazar, kavram, batı ile daha dikkat çekici ve gelişmiş ekonomiler. CSR kavramını yönetim yayılmak, üstesinden gelmek için ihtiyaç duyduğunuz kurumsal yönetişim, kurumsal sürdürülebilirlik, kurumsal vatandaşlık ve kesintisiz iletişim ve ilişkileri ve paydaşlarına arasında yer alıyor.

Bazı araştırmacıların CSR için sadece bir pazarlama yönetimi nasıl giderir, şirket adlı kamu ile ilgili halkla ilişkiler konusunda paydaşlar karşılamak için kuruluşun müşterilerin içeren, Sivil Toplum Kuruluşları, ve ana topluluk. Nijerya'da ise bu tez, Afrika'da önemli çünkü KSS açısından en yoğun nüfuslu Nijerya'da, Afrika'da ülke ve en büyük pazar. Ayrıca, bankacılık sektörü, önemli bir sektörü yağ, tekerlek, ekonomi çünkü Nijerya ve en Afrika ülkeleri ithalat bankası ekonomi ile sınırlı üretken faaliyetler. Bu çalışmada nasıl odaklanın nin devamı CSR kavramı dikkate Nijerya'da, politikasının baskı banka Kullanarak verimliliklerini artırabilirler ilgilendirir Varlık Geri Dönüşü, Özkaynak Kârlılığı ve Vergi sonrası kar bağımlı değişkenler olarak, CSR sırasında devreye alarak, banka, menfaat sahiplerinin yönetime bakış açısı, bağımsız değişkenler olarak kullanın.

Anahtar sözcük: Kurumsal Sosyal Sorumluluk, Geliştirmekte olan ekonomiler, Varlık Geri Dönüşü, Özkaynak, Kârlılık, Menfaat Sahipleri, Kurumsal Vatandaşlık, Kurumsal sürdürülebilirlik