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21. **ADEDOYIN, Isaac Salami**
Department of Business Administration, Kwara State Polytechnic, Ilorin

22. **AREMU Nuha Salihu**
Department of Industrial Relation and Personnel Management university of Ilorin, Ilorin, Nigeria

23. **ABDULJELEEL, Badmus Olayiwola**
Department of Accounting, Ahmadu Bello University, Zaria-Nigeria

24. **DOGARA, Ibrahim AbdulMalik**
Department of Accounting, Nuhu Bamali Polytechnic, Zaria, Kaduna State

25. **YERO Jibril**
Department of Accounting, Ahmadu Bello University, Zaria-Nigeria

26. **ABDULGANIYU, Mutiu**
Department of Economics, Federal University, Gusau

27. **ABDULLAHI, Badiru**
Department of Economics, Federal University, Gusau

28. **ABDULGANIYU Mutiu**
Department Of Economics, Federal University Gusau

29. **ABDULLAHI Badiru,**
Department Of Economics, Federal University Dutsin-MA, Katsina

30. **AHMED Mohammed**
Department of Accountancy, Federal Polytechnic Bida - Niger State

31. **YAHAYA S. Ndako**
School of General Studies, Federal Polytechnic Bida - Niger State

32. **ABDULJELEEL, Badmus Olayiwola**
Department of Accounting, Ahmadu Bello University, Zaria - Kaduna State

# CSR AND FIRMS' PERFORMANCE NEXUS: A THOUGHT OF CARROLL PYRAMID IN THE CONTEXT OF NIGERIAN DEPOSIT MONEY BANKS

1. Lukman Adebayo OKE (ACA)
2. Nurudeen Adeshola HALIRU
3. Mubaraq SANNI PhD (ACA)
4. Zayyad ABDULBAKI (ACA)

1, 3 Department of Accounting and Finance, Kwara State University, Malete
2. Department of Finance, University of Ilorin, Ilorin, Nigeria
4. Department of Accounting, University of Ilorin, Ilorin, Nigeria

*Abstract*

*Although, Corporate Social Responsibility (CSR) may have no strong proclamation of the law, it has nonetheless been espoused by banks to give an impression that they show their concerns for the development of their immediate environments and the nation at large. Often, CSR is embarked upon to gain customers' patronage and enhance their performance among their peers. This study examined the impact of CSR (in terms of four CSR dimensions identified by Carroll, 1991) on Banks' performance. The study employed secondary data that is, audited financial statements of ten Nigerian Deposit Money Banks representing the sample size. Using inferential statistics (regression analysis), the study found no significant relationship between CSR and Banks' performance. Government legislation on mandatory CSR for banks is therefore recommended so that banks will not see their obligations ending with profit making and shareholders' wealth maximisation.*

***Key words:*** *Corporate social responsibility, bank's performance deposit money banks and customers patronage.*

## Introduction

Corporate Social Responsibilities [CSR] has remained highly contemporary and contextual issue to all stakeholders including government, corporate organization itself, and the general public. The public contended that the payment of taxes and the fulfilment of other civic rights are enough grounds to have the liberty to take back from the society in terms of CSR undertaken by other stakeholders. Corporate Social Responsibility (CSR) has received increased attention from numerous authors at local and international levels.

Various definitions have been developed in order to specify the role of business in the society. According to Maignan (2005) cited in Galan (2006) there is no consensus as regards the term society, thus, the concept of stakeholders personalizes social responsibilities by delineating the specific groups that a business should consider in its orientation.

The performance of business organizations; banks for example, is affected by their strategies and operations in market and non-market environments. Hence, the extent to which company's directors and managers should consider social and environmental factors in making decisions is debateable (Uadiale and Fagbemi,2012). As such, Corporate Social Responsibility (CSR) may be described as an approach to decision making which takes into account both (social and environmental) factors. It can therefore be inferred that CSR is a deliberate inclusion of public interest into corporate decision making, and the honouring of a triple bottom line which are People, Planet and Profit (Harpreet, 2009). Corporate social responsibility is represented by the contributions undertaken by companies to society through its core business activities, its social investment and philanthropic programmes and its engagement in public policy {Asian-oceanic Computing Industry Organisation (ASOCIO), 2004}.From the perspective of ASOCIO Corporate Social Responsibility has been viewed as a "a give and take" scenario where companies undertaking Corporate Social Responsibility pay back to the society.

In recent years CSR has become a fundamental business practice and has gained much attention from larger international companies. They understand that a strong CSR program is an essential element in achieving good business practices and effective leadership. Companies have determined that their impacts on the economic, social and environmental landscape directly affect their relationships with stakeholders, in particular investors, employees, customers, business partners, governments and communities.

At an earlier point in history, societal expectations from business organizations did not go beyond efficient resource allocation and its maximization. But today, it has changed and modern business must think beyond profit maximization toward being at least socially responsible to its society.

Today's heightened interest in the role of business in society has

been promoted by increased sensitivity to the awareness of environmental and ethical issues. Thus, society has become increasingly concerned that greater influence and progress by firms have not been accompanied by equal efforts and desire in addressing important social issues including problems of poverty, drug abuse, crime, improper treatment of workers, faulty production output and environmental damage or pollution by the industries as it has overtime been reported in the media. It is therefore very essential for all to realize that public outcry for increased social responsibility will not disappear if business organizations fail to respond to the challenges these had posed to the society. In view of the perceived information gap, it is therefore worthwhile collating and aggregating in a more organized manner, the contributions of Nigerian corporations [using banking sector] to the well-being of the society. This is necessary if only to show, in a graphic and mathematical ways that the sector seriously identifies with the aspirations of the communities and the general public.

**Statement of research problem**

A typical capitalist oriented business/environment is characterized by profit drive. This is not unconnected with the openness of market and the influx of competitors into any thriving industry. The banking industry is no exception to this. Although, Corporate Social Responsibility may have no strong proclamation of the law, it has nonetheless been espoused by banks to give an impression that they show their concern for the development of their immediate environments and the nation at large so as to gain customers' patronage and enhance their performance among their peers. Academic literature for instance Banyte, Brazionience and Gradeikiene (2010) is replete with the practice of CSR of organizations specifically as most of them disguise advertisement as CSR. In order to actualize the correct practice of CSR, Carroll (1991) in his pyramid of CSR indentified four different dimensions an organization must fulfil, namely; Economical, legal, ethical and philanthropic dimensions. An organization that majorly disguises its extant advertisement as CSR will most probably be failing in all or most of these four dimensions and as a result may hamper its performance. The peculiarity of a bank's performance is that it is usually measured in terms liquidity and/or profitability and failure of

a bank in any of the four dimensions may put the bank at the risk of failure. The four dimensions will enhance a bank's easy spread and growth as every environment it intends to operate will find at least one of the dimensions a complete match for its needs at least at a micro level. Hence, a bank that focuses majorly on any specific aspect of the four dimensions may find its CSR lopsided and having a complete semblance of advertisement which may not suit the diversity of business environment. It appears there is paucity of empirical evidence linking CSR to banks' performance using secondary data source. The effect of CSR on banks' performance given the four dimensions of a good CSR is the focus of this work.

## LITERATURE REVIEW

Corporate social responsibility has enjoyed no universal definition and its theorization has not been perfectly defined to drive systematic research. Hence the practice of CSR has been incoherent and its reporting has not followed a systematic and clearly defined framework of reporting (Helg,2007).

The motivations behind company's CSR investment have attracted a great deal of scholarly and constructive debate. According to Kuskii (2007), legal obligations, the common practice within a sector and the institutional pressures of the foreign markets or foreign partners are the main institutional factors influencing companies' social responsibility practices in developing countries. However, regardless of the forces influencing companies' social responsibility practices, the market rewards firms for these practices. This conclusion is equally consistent with the findings of Wahba (2008).

Recent debates have been on whether the investment in social initiatives negatively or positively affects the firm's bottom line. According to Kallan and Gomas (2009), corporate social performance and corporate financial performance should not be seen as antagonistic issues. Firms measurably benefit from their socially responsible decisions, if these decisions are recognized and rewarded by relevant stakeholders (Kallan and Gomas, 2009). Sizeable numbers of authors who conducted researches in the area of CSR and firm's performance relationship have equally found that CSR has positive implications' on the financial performance of firms. These authors include: Graves and Waddock (1994), Hart and Ahuja (1996),

McWilliams and Siegel (2000), Bagnoli and Watts (2002) and Siegel and Vitaliano (2005) cited in Leyira, Owaoma and Olagunju (2011).

**Conceptual Framework**

According Mirfazli (2008) cited in Udiale and Fagbemi (2012) CSR has been defined in various ways. Majority of these definitions integrate the three dimensions: economic, environmental and social aspects into the definition,what is usually called the triple bottom line. The triple bottom line is considering that companies do not only have one objective, profitability, but that they also have objectives of adding environmental and social value to society. (p. 44)

Also, Frederick (1960) as cited in Carroll (1999) holds that:

[Social responsibilities} mean that businessmen should oversee the operation of an economic system that fulfils the expectations of the public. And this means in turn that the economy's means of production should be employed in such a way that production and distribution should enhance total socio-economic welfare. Social responsibility, in the final analysis, implies a public posture toward societies economic and human resources and willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms(p. 271)

Frederick's definition is a part of the reflection on earlier perception of social responsibility. It is in a way borrowing from the vantage point of the stakeholder theory. Another view by some of these earliest exponents of social responsibility takes on the ethical side of corporate business activities. Davis and Blomstrom (1966) defined social responsibility as:

Social responsibility, therefore, refers to a person's obligation to consider the effects of the decisions and actions on the whole social system. Businessmen apply social responsibility when they consider the needs and interest of others who may be affected by business actions. In so doing, they look beyond their firm's narrow economic and technical interests (p. 12).

In this definition, the ethical nature of an action is what tells whether an actor is socially responsible or not. Unfortunately, corporate social responsibility enjoys no unique definition. Several viewpoints have been held regarding the social dimension of companies' activities but none seems to be unanimously merging the

interests of all its exponents. Dahlsrud (2008) analysed thirty seven definitions of corporate social responsibility, major dimensions included in these definitions range from one to five dimensions. These dimensions according to Dahlsrud (2008) are; the stakeholder dimension, the social dimension, the economic dimension, the voluntariness dimension and the environmental dimension. The stakeholder dimension upholds the company's pursuit and representation of the interest of all stakeholders. The social dimension expresses the impact of the company's engagements on the society while the economic dimension explores the rationalism of the profit orientation as the basis of corporate social responsibility investments. The voluntariness dimension examines the company's engagement in eleemosynary activities and the environmental dimension relates to the assessment of a company's environmental footprint and its submission to accept responsibilities for those footprints. Corporate social responsibility involves managing relationships with the stakeholders, catering for the environment, investing more into human capital and going beyond the legal confinements or expectations (Commission of the European Communities, 2001). This definition and the one that follows below are some of those considered as most adequate definitions of corporate social responsibility as it encompasses the five basic fundamental issues around which debates oscillate (see Dahlsrud, 2008).

Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives (Triple-Bottom-Line- Approach"), while at the same time addressing the expectations of shareholders and stakeholders (United Nations Industrial Development Organisation, 20 J J).

In this definition, corporate social responsibility is viewed as a strategic business management concept rather than a charity, sponsorship or philanthropy (UNIDO, 2011). The concept of corporate social responsibility goes beyond these three concepts even though these concepts also prove to be of strategic advantage to the firm. Other authors that have contributed towards defining corporate social responsibility include: Abbott and Monsen (1979), Fitch (1976), Carroll (1979), Epstein (1987) and Carroll (1991). An examination of all these definitions submits to the fact that the basic foundation of corporate social responsibility is that businesses should be responsible to other stakeholders beside the wealth owners even though their theoretical premise or methodical perception may differ.

Performance may refer to the extent of effective and efficient achievement of the set objectives or goals within the given time frame (Investopedia, 2013). The issue of performance measurement is a debatable concept as it lacks uniform parameters or indicators. What is acceptable as a performance yardstick in one organisation may not be applicable or appropriate in another organisation, hence, the concept has over time not enjoyed consensus. Khandwalla (1977) has identified eight yardsticks (including financial and non financial) for measuring performance. These include employee's job satisfaction, employees' commitment or loyalty to the firm, public image and goodwill, growth rate, sales or revenues (profit), product (or service) quality, employees' productivity and financial strength. The best performance measurement for banks and other financial institutions may be in term of their profitability. Gover and Kudre (1982)

**Characteristics of CRS**

According to Adeyanju (2012) the European Foundation for Quality Management [EFQM] presents some common characteristics for CSR which include: meeting the need of current stakeholders without compromising the ability of future generations to meet their own demand, adopting CSR voluntarily, rather than as legal requirement, because it is seen to be in the long-term interests of the organization, integrating social, environmental and economic policies in day to day business and accepting CSR as a core activity that is embedded into an organization's management strategy. In the light of the above CSR can be seen as encompassing three major responsibility dimensions; vis-a-vis economic, social and environmental responsibilities.

**Rationale for Investment in CSR**

The rationale for CSR has been articulated in a number of ways. In essence it is about building sustainable businesses which need healthy economies, markets and communities. (ASOCIO,2004).

The definitions posited by various authors and organizations suggest some links between long-run profitable survival of the business and corporate social responsibility investment. It is argued that the motive for investing in social goods is not to enhance social welfare but rather to further increase an organisation's selfish pursuitof profit (Friedman 1970). To Friedman (1970), the end is profit and social responsibility as may be remonstrated by any agent of a corporation operating within capitalism is merely a means towards achieving the ultimate end (profit). Corporate social responsibility is rather a way of dispensing revenues that would otherwise be taxed. Among other benefits ascribed to social responsibility are: reputation enhancement or image improvement, morale enlivenment, brand strengthening, share price maximization,

attraction and retention of excellent workforce, opportunity to input premium into prices, customers loyalty and secured long-term survival of the business. Porter and Kramer (2006) noted that the current practice of social responsibility, as advocated by various schools of thought, suffers a common weakness, the focus on the tension between business and society. In their own opinion, such disconnectedness of social involvement of business organizations and their strategies, a product of a focus on tension between business and society, neither yields a desired social impact nor provokes long-term competitiveness of a firm. The mutual dependence of corporations and society implies that both business decisions and social policies must follow the principle of shared value", (Porter and Kramer,2006, p 5). Behaving in a socially responsible manner, has been seen to be crucial in sustaining the long-term survival of the business (Adams and Zutshi, 2004). Societies are increasingly exerting a great influence on firms' profitable survival as they are becoming more aware of the effect organizations have on them through their actions or inactions. This is substantiated by the growing interest of world known large companies in producing corporate social responsibility reports.

Globalisation has increased the power of companies and the influence or impacts they have on the political, social, and ecological environment of companies in which they operate. This increasing growth in companies' expansion across borders has created, in return, an increasing expectation from societies for companies to act responsibly and be accountable for the impacts they have on the society (Adams and Zutshi, 2004).

An increasing influence of non-government organizations on organizations' strategy formulation or decision making process (for example through the purchase of shares that entitles them to vote) has equally reorient companies toward recognizing and admitting their responsibilities to the society (Adams and Zutshi, 2004).

Lastly, for most multinational companies, engagement in corporate social responsibility is dependent on peculiar factors. Amaechi, Adi, Ogbechie and Amao (2000)

As typical of MNCs, the motivations to engage in CSR are varied - response to market forces, globalization, consumer and civil society pressures, etc. The activities of these .firms are therefore visible because of their global reach. As such, there is a higher incentive to protect their brands and investments through CSR. (p. 8)

**Carroll's Pyramid of Corporate Social Responsibility**

One of the most used and quoted model is Carroll's (1991) Pyramid of Corporate Social Responsibility. In indicates that CSR constitutes of four kinds of social responsibilities; economic, legal, ethical and philanthropic. Carroll considers CSR to be framed in such a way that the entire ranges of business responsibilities are embraced. Carroll suggests that CSR consists of four social responsibilities; economic, legal, ethical and philanthropic. These four responsibilities can be illustrated as a pyramid.

The economic component is about the responsibility to profit and this responsibility serves as the base for the other components of the pyramid. With regard to the legal aspect, society expects organisations to comply with the laws and regulations.

Ethical responsibilities are about how society expects organisations to embrace values and norms even if the values and norms might constitute a higher standard of performance than required by law.

Philanthropic responsibilities are those actions that society expects for a company to be a good corporate citizen by committing parts of its resources to benefit host communities and/or societies.

Philanthropic responsibilities are those actions that society expects for a company to be a good corporate citizen.

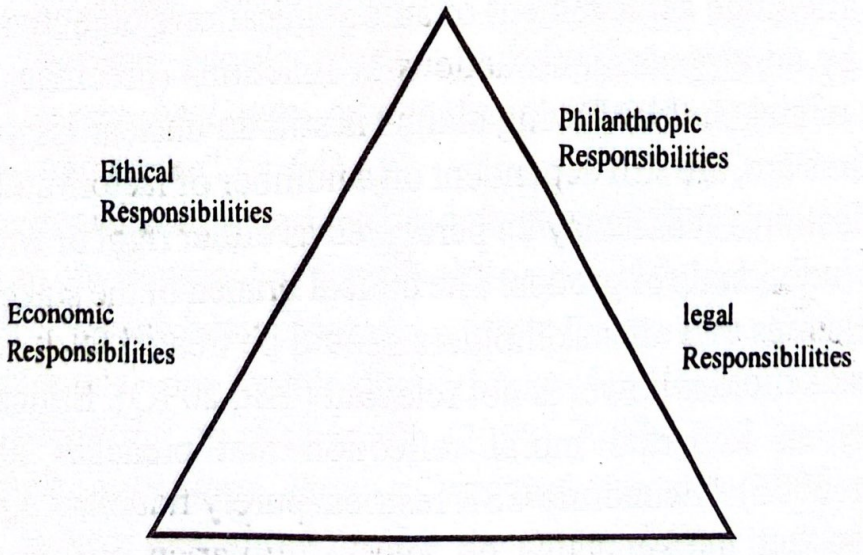



Figure.1: **The Pyramid of Corporate Social Responsibility** ***(Carroll, 1991with modification)***

The pyramid illustrates the four components of CSR with economic performance as the basic block. Next is the responsibility to be ethical. At its most fundamental level, this is the obligation to do what is right and to avoid harming stakeholders. Finally, business is expected to be a good corporate citizen. This is embedded in the philanthropic responsibility, wherein business is expected to contribute financial and human resources to the community and to improve the quality of life.

**Theoretical Framework**

The shareholders' value maximization as the sole objective of corporate existence has attracted criticisms from many corners. Opponents of this view like Freeman (1984) argued that organizations should not only consider the interest of shareholders alone but also consider the interest of those affected by its actions or inaction (Stakeholders). This concept is called the stakeholder theory. A firm cannot maximize value if it ignores the interest of its stakeholders (Jensen, 2001). The stakeholder theory is an extension of the legitimacy theory as it broadens the scope of an organisation's responsibility beyond giving to the society alone to giving to the individual group of stakeholders. Suchman (1995, p. 574) defines legitimacy as "..... a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions." Stakeholders are individuals or groups of individuals that can affect the achievement of an organisation's objective or are affected by an organisation's actions or inactions (Freeman, 1983). The idea of stakeholder having claims is still an unclear issue. What these claims are, are still dependent on a number of factors and hence an organisation's action may be perceived as either right or wrong by different individuals or groups. The ethical branch of the stakeholder theory assumes that all stakeholders should be treated fairly and the issue of stakeholder power is not relevant (Tilt, 20 IQ). Ethical CSR advocates an impartial moral reflection that preaches altruism (Windsor, 2006). "Economic CSR restricts purely fiduciary agents to computing net market gains on jointly utilitarian and investor's property right rationales" (Windsor, 2006). The economic CSR or the

shareholder approach (Marrewijk, 2003) or the classical view advocates a profit maximizing social responsibility. It follows that corporations invest in social responsibility activities to increase their profit (Friedman, 1962) or maximize shareholders' wealth (Jensen, 2000). This idea or view point is consistent with the 'expedient' (Gray, Owen and Adams, 1996) who invest in the CSR only to the extent that it is consistent with the long - term objective of the firm (i. e. wealth maximisation). Gray Owen and Adams (1996) further explain the various perceptions of decision makers that direct, motivate or de-motivate them from investing or disinvesting in a corporate social responsibility investment. The Pristine Capitalist shares the shareholders approach. Social responsibility investments are construed as a misuse of shareholders' investment, profit is the end and social responsibility investment is not a means to achieving this end. The expedient follow the instrumental view of stakeholders. According to Campbel(2008):

> *"The instrumental view of stakeholder relations is that organisations take stakeholders opinions into account only in sofar as they are consistent with others, more important, economic objectives (e.g. profit maximisation, gaining market share, compliance with a corporate governance standard). Accordingly, it may be that a business acknowledges stakeholders only because acquiescence to stakeholders opinion is the best way of achieving other business objectives".* (p. 64)

The social contractarians hold that businesses are licensed to operate in an environment as long as the norms of the society are still being abided by such businesses. An attempt to act otherwise (against the contract terms) may lead to the withdrawal of license. The social ecologist according to Campbell (2008) holds that businesses through their operations have some social and environmental footprints. Hence, they should admit the responsibility to minimize such footprints.

## Corporate Social Responsibility in Nigerian Banks

The perception of corporate social responsibility tends to vary in different environments and are most times dictated by the type of business and the level of societal awareness (Amaechi et al, 2010). Corporate social responsibility is mostly perceived by Nigerian banks as a form of philanthropy. Writing on its CSR practice and philosophy, one of the first four banks in Nigeria states:

> *At Zenith, Corporate Social Responsibility is not just a buzzword; it is a way of life. To emphasize this belief, Zenith Bank set up Zenith Philanthropy, a fully functional department responsible for identifying areas, sectors and causes deserving of philanthropic aid. ... Zenith philanthropy is the channel through which Zenith Bank gives back to society. One would invariably ask why we have to set up a department just to give money out? At Zenith Bank, we see giving back to society as a serious and passionate cause.* 1

CSR as perceived as a form of philanthropy in Nigeria has been linked to some factors including, traditional socio-cultural heritage of the indigenous firms and religious influences. However, regardless of this general inclination towards philanthropy, the wave of the development actions in line with awareness is distributed among low, medium and high. According to the interview conducted by Amaechi, Adi, Ogbechie and Amoo (2010),85 percent of the respondents said that there is an awareness of CSR in Nigeria but without significant actions, while 7.7 percent either claimed there is almost no awareness of CSR or there is high awareness with significant actions. CSR's involvement in Nigerian banks centres around five major areas as shown in the table below:

**Table 2.1: Distribution of CSR's Involvement in Nigerian Banks**

| Current Issues Addressed | % |
|---|---|
| Education (including training and skill development) | 46 |
| Provision of health care | 38 |
| Infrastructure development | 31 |
| Sports Arts and Culture | 23 |
| Poverty alleviation | 8 |

**Source: (2010) Amaechi, et al (2010)**

**Empirical Evidence.**

The study of relationship between CSR and firm performance has attracted considerable interests from various previous researchers. In general, the empirical results show a positive relationship between CSR and firm's performance for example, Griffin and Mahon (1997) for a survey of the pre-2000s research. Also, Orlitzky, Schmidt and Rynes (2003) performed a meta-analysis of CSR and performance studies and found a positive relationship between them. Subsequent studies by Deckop, Merriman and Gupta (2006), Shen and Chang (2009), El Ghoul, Guedhami, Kwok and Mishra (2011) also revealed a consistent findings.

Other CSR studies have focused on more specific questions. Barnea and Rubin (2010) studied the relationship between CSR's investment and firm's characteristics. They found that insiders are likely to over-invest in CSR's initiatives when the personal benefits are high and the personal costs are low; this could be seen as a form of green-washing, or focusing on the style of CSR investment and not the substance. This over-investment is beneficial to the individuals but not to the firms.

Uadiale and Fagbemi (2012), examined the impact of CSR's activities on financial performance measured with Return on Equity (ROE) and Return on Assets (ROA) using a sample of forty audited financial statements of quoted companies in Nigeria and found that CSR has a positive and significant relationship with the financial performance measures.

However, out of the sizable numbers of researches on relationship between CSR and firm performance only a few studies have considered CSR of financial institutions. One of the studies for instance, Ahmed, Islam and Hasan (2012) showed a positive, although insignificant, relationship between operating performance and CSR for a very small sample of banks in Bangladesh.

In Nigeria context, the study of relationship between CSR and bank performance using secondary data (specifically annual reports and accounts or financial reports) is close to non existence. Plethora of empirical literature in this area relies majorly on primary data source. Akanbi and Ofoegbu (2012) employed primary data source (questionnaire) using only one bank (UBA Plc) and found that the dimensions of corporate social responsibility have effect on organizational performance. Also Adeyanju (2012) used majorly primary data source with small sample size to study the relationship.

As a result of the aforementioned gaps, this research adopted the use of secondary data with a very large sample size (i.e 10 out of the 21 banks representing 49% of total number of banks in Nigeria) to study the relationship between CSR and banks' performance.

**Methodology**

The research design is content analysis which involves tracing of sentences of each component of the corporate social responsibility disclosed in annual reports of Nigeria banks in the sample. This study is based on the voluntary disclosure index constructed using the annual report of the sampled banks.

The population of this research work is made up of all listed Nigerian Banks. Since this study is on the impact of corporate social responsibility on financial performance, a sample of 10 banks was selected, these include Guaranty Trust Bank Plc, Zenith Bank Plc, Fidelity bank Plc, Access Bank Plc, Stanbic IBTC Bank Plc, First Bank Plc, Union Bank Plc, United Bank For Africa Plc, Unity Bank Plc and Wema Bank . The choice of the sampled banks was based on Stock exchange Capitalisation ranking, 2011 Performance ranking using CAMEL by Business world and generation classification of banks (the first five representing new generation while the remaining five representing the old generation banks).

Purposive sampling technique was used in selecting the ten (10) banks representing 49% of the research population. Secondary sources of data were adopted in the study. Dependent variable of the study is financial performance which is represented by ROA (measured as the proportion of Profit after tax to total assets). The independent variables/parameters are dimensions of CSR of Caroll(1991) including Economic CSR, Legal CSR, Ethical CSR and Philanthropic CSR.

The regression Model is represented as below;

$$ROA_i = B_{0i} + B_1 ECSR_i + B_2 LCSR_i + B_3 ETCSR_i + B_4 CSR_i + e_i$$

Where;

ROA= Return on Asset

$Bo$=intercept $B_1, B_2, B_3$ and $B_4$=coefficients of independent variables

$ECSR$ =Economic CSR

*LCSR*=Legal CSR
*ETCSR*= Ethical CSR
*PCSR*=Philanthropic CSR.
*e*=error term
The entire data analysis was done with the use of Stata Statistics/Data Analysis.

**Analysis and Presentation of Results**

Number of obs = 10
Prob>F = 0.9551
R-squared = 0.1070
Adj R-squared = -0.6074

| Roa | Coef | Std. Err. | T | P> \|t\| | 95% Cont .Interval | |
|---|---|---|---|---|---|---|
| economic | -.0046 | .313432 | -0.01 | 0.989 | -.8103026 | .8011026 |
| Legal | -.3027 | .5933172 | -0.51 | 0.632 | -1.82787 | 1.22247 |
| Ethical | .1781 | .470148 | 0.38 | 0.720 | -1.030454 | 1.386654 |
| philanthropy | -.1631 | .2393876 | -0.68 | 0.526 | -.7784655 | .4522655 |
| Cons | .8947 | .5197682 | 1.72 | 0.146 | -4414066 | 2.230807 |

**Source: STATA statistics/data analysis results, 2015**

The result depicted in the above table shows the regression of the relationship between each of the four dimensions of CSR identified by Caroll (1991) and the performance of the selected sample banks. The Ethical CSR shows a positive relationship with the performance of the banks while other dimensions of CSR show a negative relationship. However, the result shows an insignificant relationship between the performance of Nigerian banks and the identified dimensions of CSR. More so, the $R^2$ of the model shows that the entire independent variables have only 10 percent effect on the variability of the performance of Nigerian banks.

## Conclusion

The aim of this study is to empirically examine the impact of Corporate Social Responsibility on the performance of Banks. In achieving this aim, the study gathered data on both dependent variable and independent variables. The dependent variable as a measure of performance was represented by the Return on Assets (ROA) obtained from the respective Annual Reports and Accounts of

the sampled Nigerian banks. The independent variable (i.e. CSR) was proxied by four CSR dimensions as identified by Carroll (1991); these include Economic CSR, Legal CSR, Ethical CSR and Philanthropic CSR. The study focuses on Deposit Money Banks in Nigeria specifically using a sample of ten (10) audited financial statements of the sampled banks for 2011. The thrust of the study is to examine the impact of CSR activities on financial performance measured with Return on Asset (ROA). The results show no significant relationship between CSR and Banks' performance. This is in consistence with the works of Ullman (1985), Waddocket' al (1997) and Mc Williams and Siegel (2000) who found no significant relationship between corporate social responsibility and corporate financial performance. Since the study found no significant impact of CSR on the banks' performance, it implied that Nigerian banks might have handled their CSR's involvements with levity. They may even be discouraged to involve in CSR activities since it contributes no positive impact to their profitability which is main purpose of their operations. However, failure of banks to engage in CSR could hamper the benefit that host communities or societies derive from them and this will not be in conformity with the Stakeholders theory, hence there is a need for governments involvement to legislate on mandatory CSR to ensure that banks comply accordingly.

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