AKENTEN APPIAH -MENKA UNIVERSITY OF SKILLS TRAINING AND ENTREPRENEURIAL DEVELOPMENT

THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON BANKS FINANCIAL PERFORMANCE. THE CASE OF LISTED BANKS IN GHANA

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NOVEMBER, 2022

DECLARATION

STUDENT'S DECLARATION

I hereby declare that this thesis with the exception of quotations and references contained published works which have all been identified and duly acknowledged, is entirely my own original work, either in part or whole, for another degree elsewhere.

SIGNATURE…………………………. DATE ….. ………………………………..

FRIMPONG SAMUEL

SUPERVISOR'S DECLARATION

I hereby that the preparation and presentation of this work was supervised in accordance with the guidelines for supervision of thesis as laid down by the Akenten Appiah – Menka University of Skills Training and Entrepreneurial Development (AAMUSTED).

SIGNATURE…………………………. DATE ….. ………………………………..

PROF. JOSEPH MBAWUNI

DEDICATION

Firstly, I dedicate this research work to the Almighty God, the giver of wisdom and direction, for the strength to have come thus far, without Him I would not have seen the fulfilment of this research work.

This study is wholeheartedly dedicated to my beloved parents, who have been my source of inspiration throughout the days, weeks, months, and years that have gone by. Their continual moral, spiritual, emotional, and financial support kept me going.

To my siblings and colleagues whom I sought for advice and guidance and was able to provide it, I am also grateful in one way or the other and I say thank you.

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TABLE OF CONTENTS

CONTENT **PAGE**

DECLARATION iii

DEDICATION iv

ACKNOWLEDGEMENT v

TABLE OF CONTENTS vi

LIST OF TABLES xi

LIST OF FIGURES xii

ABSTRACT xiii

CHAPTER ONE: INTRODUCTION 1

1.0 Overview 1

1.1 Background of the Study 1

1.1 Problem Statement 8

1.2 Research Objectives 10

1.3 Research Questions 11

1.4 Significance of the Study 11

1.5 Definitions of Terms and Constructs 13

1.5.1 Corporate Social Responsibility 13

1.5.2 Financial Performance 13

1.5.3 Impact 14

1.5.4 Bank 14

1.6 Scope and Limitation of the Research 14

1.7 Organisation of Research 15

CHAPTER TWO: LITERATURE REVIEW **17**

2.0 Introduction 17

2.1 Theoretical Review 17

2.1.1 Definition of Corporate Social Responsibility 18

2.1.2 Stakeholder Theory 18

2.1.3 Carroll's Hierarchical Model 21

2.1.3.1 Economic responsibilities 22

2.1.3.2 Legal Responsibilities 23

2.1.3.3 Ethical Responsibilities 23

2.1.3.4 Discretionary Responsibilities 24

2.1.4 The Triple Bottom Line Theory 25

2.1.4.1 Economic Line 26

2.1.4.2 Social Line 26

2.1.4.3 Environmental Line 27

2.1.5 Utilitarian Theory 28

2.1.6 Shareholder Value Theory 29

2.2 Empirical Literature 32

2.2.1 Positive relationship between CSR and Financial Performance 33

2.2.2 Negative Relationship between CSR and Financial Performance 34

2.2.3 Neutral relationship between CSR and Financial Performance 36

2.3 Conceptual Framework of the Study 37

2.3.1 History of CSR 38

2.3.2 Dependent Variable (financial performance) 40

2.3.3 Independent Variable (Corporate Social Responsibility) 41

2.3.4 Control Variables 41

2.3.4.1 Firm-Specific Variables 42

2.3.4.2 Macroeconomic Variables 42

2.4 Features of CSR 43

2.4.1 Socially Responsible Investments (SRI) 43

2.4.2 Business Ethics 43

2.4.3 Environmental Concerns 44

2.4.4 Sustainable Development 45

2.4.5 Corporate Governance 45

2.5 Dimensions of CSR 46

2.5.1 CSR towards Employees 46

2.5.2 CSR towards Customers 47

2.5.3 CSR towards Government 47

2.5.4 CSR towards Society and Environment 48

2.6 Motivations and Drivers of Responsible Business 48

2.7 CSR Reporting Approaches 49

2.8 Benefits of Reporting CSR Activities 51

2.9 Corporate Social Responsibility and Profitability 52

CHAPTER THREE: RESEARCH METHODOLOGY 54

3.0 Introduction 54

3.2 Research Design 54

3.3 Population 56

3.4 Sample and Sampling Technique 56

3.5 Data Collection and Analysis 56

3.6 Model Specification 58

3.7 Variable Selection and Justification (Dependent Variable) 59

3.7.1 Return on Asset (RoA) 59

3.7.2 Return on Equity (RoE) 59

3.8 Variable Selection (Independent Variable) 60

3.8.1 Corporate Social Responsibility (CSR) 60

3.8.2 Bank Size 61

3.8.3 Capital Adequacy 62

3.8.4 Inflation 62

3.9 Data Reliability and Validity 63

CHAPTER FOUR: RESULTS AND DISCUSSIONS 64

4.0 Introduction 64

4.1 Descriptive Statistics 64

4.2 Correlation Matrix 66

4.3 Regression Results from Ordinary Least Squares 68

4.4 Discussion of Findings 70

4.4.1 Main Research Question 71

4.4.2 Specific Research Questions 73

4.4.2.1 What is the overall effect of CSR on listed banks financial performance in Ghana 73

4.4.2.2 What is the nature and dimension of CSR activities undertaken by listed banks in Ghana? 75

4.4.2.3 What kinds of relationship exist between listed banks and CSR in Ghana 76

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS **80**
5.0 Introduction 80
5.1 Summary 80
5.2 Conclusions 81
5.3 Recommendations 83
5.3.1 Shareholders and Management of Listed Banks 83
5.3.2 The Government and Bank of Ghana 84
5.4 Limitations of the Study 84
5.4.1 Research Design Limitations 84
5.4.2 Scope Limitations 84
5.5 Future Research 85

REFERENCES **86**
APPENDIX **107**

LIST OF TABLES

TABLE	PAGE
Table 3.1 Summary of Variables	63
Table 4.1 Descriptive Statistics	66
Table 4.2 Correlation Matrix	68
Table 4.3 Regression Results: Return on Assets	69
Table 4.4 Regression Results: Return on Equity	69

LIST OF FIGURES

FIGURE	PAGE
Figure 2.1: Carroll's Pyramid of Corporate Social Responsibilities	25
Figure 2.2: Elements of the Triple Bottom Line	28

ABSTRACT

This thesis investigated the impact of CSR and financial performance of banks listed on the Ghana Stock Exchange (GSE). Data collection is carried out with data documentation that is based on financial reports. Secondary data was obtained from the financial statement of eight (8) banks over the past ten years (2011 to 2020) to answer the research questions. This study conducted a content analysis on listed firms' annual and sustainability reports and corporate websites to develop an aggregate CSR disclosure index based on Ehsan et al.'s (2018) model which had already been pre-tested and standardised with a Cronbach alpha value of 0.924. Data were analysed quantitatively with Return on Asset (RoA) and Return on Equity (RoE) as a measure of performance which was also the dependent variable and expenditure on CSR as an independent variable. The findings emerging from the analysis reveals that CSR has positive impact on financial performance. Specifically, CSR exerts an insignificant positive impact on ROA and a significant positive effect on ROE. The study recommends that banks should be encouraged but also cautious in undertaking CSR. After all, it could be cautious in undertaking CSR because it could negatively affect their Return on Asset and Return on Equity. Also, it is recommended that most CSR projects should be weighted by the banks if possible and a cost-benefit is done even before deciding whether to go on with the project or not. The implication of the research is that implementing corporate social responsibility is very important to increase banks value and banks sustainability in the future.

Keywords: Banks, Capital Adequacy, Corporate Social Responsibility, Financial Performance, Socially Responsible Investment.

CHAPTER ONE

INTRODUCTION

1.0 Overview

This thesis seeks to investigate the impact of Corporate Social Responsibility (CSR) and financial performance of banks listed on the Ghana Stock Exchange (GSE). This chapter serves as an introduction to the study. Areas treated below this chapter encompass the background of the study, problem statement, research objectives, research questions, the significance of the study, the definition of terms and constructs, and the scope and organisation of the study.

1.1 Background of the Study

The concept of corporate social responsibility was first advanced in 1950's, around then was known as Social responsibility. In 1953 the first publications about the Corporate Social Responsibility was presented in the market in the shape of book published by Howard Bowen. Prior to the rise of corporate social responsibility idea the essential point of the organizations was to earn maximum profit dismissing the fact that what unfavourably their activities mean for the general society.

A fundamental reason in the theory of finance is the maximization of the assets of shareholders for their sake by managers and executives. However, CSR is a peculiarity that integrates corporate or business ventures, ethical, environmental, and social obligations. Organizations play a key role in engaging in CSR. The idea of corporate social responsibility has advanced dramatically in recent decades. CSR is certainly not a crisp thing of interest for the business world. Yet, corporate social responsibility is significant in light of the fact that its impact all features of organizational activities.

CSR is multi-faceted concepts with many practices so the thought of corporate social responsibility is connected to a business model that adds to sustainable development by providing economic, social and environmental advantages to all stakeholders (Rabia and Bushra, 2017)

All things considered Corporate Social Responsibility initiatives and practices have filled consistently as of late as firms are progressively embracing Corporate Social Responsibility initiatives as a feature of their general business procedure to achieve the upper hands that these creativities should produce. Despite the fact that corporate Social Resposibilty initiatives are regularly ignored as advertising or exposure stretches (McPeak and Tooley,2008), a few of the present driving partnerships have put vigorously in such ventures. The essential explanation proposed for this pattern connects with pressures from partners (McPeak and Tooley, 2008; Waddock, 2004), who are frequently affected by reports that recommend that CSR-rehearsing organizations beat non-CSR-rehearsing organizations. Responsible companies have a resource of projects and policies that oversees their obligation to society in which they are connected with their operations and how they make their decisions.

CSR exercises are viewed as an instrument tool for economic development and improving the standard of living in society (Holme and Watts, 2007). Scott (2007) said that CSR is tied in with organising and figuring out the connection between exchanging tasks and ones‟ finances, community, and circumstance inside which organizations track down themselves. Bradshaw (1981) explained that the objective of each association is to guarantee that the company's obligation is to give the most minimal expense to its customers. This is conceivable by effectively and efficiently utilizing

assets. Carrol (1979) characterized CSR as an economic, legal, and ethical unrestricted expectation of society at its point of operation. Davis (1993) explained CSR as "it is the responsibility of firms to respond to societies ethically to fulfil the economic need of people and legal requirements of government."

Angelidis and Ibrahim (1993) explained that the activities of organizations ought to satisfy the society in which it works. Enderle and Tavis (1998) thought of approaches and strategies connecting to CSR. They characterized the better method for working a business through the law. Be that as it may, individuals living in these social orders ought not to be impacted by unlawful organizations. Doane (2005) portrayed that organizations take part in CSR exercises to clean the environment. The organization must keep in mind its stakeholders and control the environment.

In Africa, organizations every now and then end up engaged in social services that would be viewed as the government's responsibility in developed nations, for example, investment in foundation, schools, clinics, and housing. The issues being focused on under the CSR standard in Africa are unique in relation to most developed nations, for instance, handling HIV/AIDS, improving working conditions, provision of basic services, supply chain integrity, and poverty alleviation. Schmidheiny (2006) noticed that social issues are for the most part given more political, financial, and media emphasis in emerging nations than environmental, ethical, or stakeholder issues. Additionally, the soul and practice of CSR are frequently emphatically full with customary communitarian values and strict ideas in agricultural nations, for instance, African humanism (Ubuntu) in South Africa. Baskin (2006), further notes that corporate obligation in developing business sectors, while greater than generally

accepted, is less implanted in corporate procedures, less unavoidable and less politically established than in most high-income countries.

Corporate social responsibility has turned into a quick and essentially arising practice among financial institutions in Ghana. It is one of the freshest strategies which are used by the executives for the purpose of making a constructive outcome in the public eye while business is progressing. Sharma (2019) characterize CSR as the consistent responsibility by an organization to morally act to add to economic development while simultaneously getting to the next level the personal satisfaction of the workers and their relatives as well as the nearby local area and society in general.

Ghana's most memorable president, Dr. Kwame Nkrumah developed many State-Owned Enterprises (SOEs) that was equipped towards settling developmental challenges the nation confronted and improving standard of living and social prosperity. However, since independence in 1957, Ghana has been not able to resolve arising developmental challenges like energy, education furthermore, health. Researchers have ascribed Ghana's improvement problems mostly to increases in population growth, low per capita income, inflation and low productivity (Amponsah-Tawiah, & Dartey-Baah, 2011). Economic and political liberalization in Ghana since the early 1990s opened the way for development agencies and Multinational Companies (MNCs) to help national endeavours at addressing development issues. Most MNCs have since been taken part in CSR exercises in the nation including telecommunication, mining, manufacturing, insurance and banking.

To encourage such initiatives in Ghana, the Ministry of Trade & Industry in 2011, instituted the Ghana CSR Excellence Award (GHACEA). The awards scheme identifies, verifies, evaluates and rewards companies whose CSR activities achieve the most impact. GHACEA Awards Scheme categorises the various CSR activities by every sector and eventually awards the best CSR Company of the year. Categories include CSR Company of the year, CSR Practitioner of the year, CSR CEO of the year, CSR Telecom of the year, CSR Bank of the year, CSR Insurance Company of the Year, CSR Manufacturing Company of the year among others.

In Ghana, Ofori (2007), as cited in Asamoah (2012) perceived that Ghanaian managers accept that working in a community includes supporting the local area through friendly projects, beyond corporate philanthropy, to key activities that answer the various requirements of the networks in which organizations work. Ghanaian managers appear to have inspirational perspectives toward CSR and both individual and societal ethical values generally impact these mentalities. Notwithstanding, managers and executives in Ghana take part in CSR exercises basically to improve their corporate picture among clients and second, for the prosperity of the general public. Hence, it appears to be that the CSR plan in Ghana has never truly been impacted by CSR codes per se however by administrative discretion and motives. This is nothing unexpected at all since even starting around 2007, there was no far reaching strategy structure to characterize the boundaries of CSR exercises in Ghana. Moreover, there was no institutional body managing corporate exercises on CSR, and accordingly covering CSR wasn't reliably finished among corporate bodies (Ofori, 2007).

Regardless, in 2010, the Securities and Exchange Commission (SEC) of Ghana gave the code of best acts of corporate administration in Ghana. The code is undisputedly viewed as the most exhaustive rule for corporate administration practices in Ghana presently. On account of its broad and catholic nature, there is practically no uncertainty that great corporate administration can be extended in Ghana assuming corporate associations comply with its recommended rules. It was issued to augment the already existing guidelines for sound corporate governance namely; the company's code 1963 (Act 179), Securities Industry Laws, 1993 (PNDCL 333) as revised by the Securities Industry Act, 2000 (Act 590) as well as the listing regulations, 1990 (L. I. 1509) of Ghana Stock Exchange (GSE). The code was issued by the Securities and Exchange Commission (SEC) to corporate entities licensed under the Securities Industry Laws and the issuers of publicly listed securities specifically, those traded on stock exchanges. Its creation was basically lined up with the standards of good corporate administration by the Organization of Economic Cooperation and Improvement (OECD, 2004), the Commonwealth Association of Corporate Governance (CACG, 1999), and codes of best practices set forth by administrative bodies in arising and progress economies. It was intended to act as 'rules by which the norms of administration in corporate bodies managed by the Commission might be benchmarked' (Ghana, 2010). Further, the code is expected to be the base corporate administration rules expected of public corporate associations in Ghana.

In light of the above challenges confronting the country, one could reason out that either commitment in CSR practises in Ghana is adversely related with the financial performance of firms or that the ethical and philosophical orientation of managers of Ghanaian listed firms makes them place a need on specific areas of CSR initiatives which would just guarantee their company's profitability, reputation, market access,

competitive advantage, and brand image (regardless of whether such CSR drives are not really what the local area and society needs).

Wright and Ferris (1997) tracked down a negative connection among CSR and firm execution in their concentrate in the short run; Posnikoff (1997) tracked down a positive relationship; Teoh (1999) saw as no connection among CSR and firm execution in the short run. Additionally, over the long haul, Aupperle et al. (1985) did a review that brought about showing that there exists no connection between CSR furthermore, firm responsibility while Waddock and Graves (1997) tracked down a positive connection between them. The banking system is very important for any nation because it is one of the integral parts of socio-economic development of any economy. They have the active developmental roles to play in the economy such as mobilizing fund from the surplus to the deficit spending units. The Ghanaian banking system is geared towards greater impact on the Ghanaian economy.

In connection to the banking sector, CSR is supposed to be the responsibilities of banks to manage with their social, economic and environmental activities at local and worldwide level. This includes the bank thinking about their profitability and growth, yet in addition the interests of society and the environment by assuming a sense of ownership with the effect of their activities on stakeholders, employees, investors, clients and providers and civil society addressed by NGOs. In spite of the fact that banks are not straightforwardly engaged with degradation of natural environment they are facilitators as they supply funds that help creation process that eventually causes environmental degradation. Thus according to Branco and Rodrigues (2006), the activities of banks, such as their lending and investment policies, can be considered as

equally environmentally-sensitive when compared with the direct impacts of polluting industries that are dependent on the banks.

In the development of the financial system and the development of the economy, the role banks play cannot be underrated. It has become basic recently that these banks ought to give information on their responsibilities to the general public, economy, and the environment in regard of their activities. Lately banks have been associated with overcoming any barrier among themselves and the communities they serve, this they do through corporate social responsibility. CSR helps to improve the reputation of the bank and increase the customers' trust. (Shen, Govindan, and Shankar, 2015)

1.1 Problem Statement

The relevance of CSR among organizations has compelled most researchers to have a deeper study into CSR to know what it entails. Some studies focused on the relationship between CSR and financial performance (Ofori, S-Darko, and Nyuur, 2014). Also, Moon (2007) examined the impact of CSR on sustainable development. Other studies also focused on the factors that influence CSR activities (Nyuur et al. 2014). Klein and Dawer (2004) focused on the link between CSR and corporate banking whilst Mushtag (2013) focused on the effect of CSR on employee retention. Most studies on CSR also focused on a particular study in an economy.

While it cannot be rejected that CSR exercises have positively transformed the existences of recipient communities, it is likewise clear that the implementation of CSR exercises is not driven all of the time by charitable intentions. In Ghana, Amponsah-Tawiah and Dartey-Baah, (2011) assert that some CSR organizations to a considerable

extent desire to work on the financial profile of their organizations instead of start projects designed toward the socio-economic wellbeing of beneficiary communities. There are additionally concerns that CSR drives are forced on communities without consulting and including them in the development of the project, consequently bringing up issue about their entitlement to take part in issues that influence them. At times, these CSR interventions are geared towards aiding recipients without setting up measures for sustainable development results in the future. As Eweje (2007) puts it, “the communities above all want social development projects that provide hope for a stable and prosperous future.”

In Ghana, several examinations have been led that likewise taken a gander at the connection among CSR and financial performance. Owusu (2017) inspected the CSR-financial performance association utilizing the Ghana Club 100 Members; while Hevi et al. (2018) played out a basic appraisal of the CSR-Financial Performance connect involving Oil Marketing Companies in Ghana. Comparative examinations on the CSR-financial performance relationship have been done in Ghana beforehand (e.g., Marfo et al., 2015; Oppong, 2014; Anlesinya et al., 2014; Ocran, 2011; Adu et al., 2018).

The Ghanaian economy is confronted with assortment of difficulties going from high unemployment rate, corruption, youth restiveness, political crises, security challenges and economic growth. these issues are by and large seen as social issues, hence the more social improvements connects with an organization's business, the more it leads to economic benefits as well (Porter and Kramer 2002)

The practice of corporate social responsibility as an idea involves the training by which corporate elements wilfully integrate both social and environment upliftment in their business philosophy and tasks. A business enterprise is essentially settled to create esteem by producing goods and services that society needs. It in this manner appears to be that the acts of CSR will additionally represent a burden on the financial performance of banks. This has made most spectators see Ghana business environment as hostile. In the light of the above issues looked by most banks, there is the need to assess the effect of CSR on the profitability of the banking sector in Ghana.

Results got from a few examinations (Amponsah, 2015, Ansong and Wanasika, 2017) as it were portrayed positive and negative consequences on financial performance of organizations and not the whole banks in Ghana. Ocran (2011) revealed that CSR had a positive effect on the profitability of Nestle Ghana Limited. Thus, there are limited studies conducted on the effect of CRS on financial performance among banks. Therefore, this current study will examine the impact of CSR on the financial performance of banks in Ghana.

1.2 Research Objectives

The general objective of this study is to examine the impact of CSR on the financial performance of banks in Ghana.

Specifically, the study is;

i. To analyse the effect of CSR on listed banks financial performance.

ii. To analyse the nature and dimension of CSR activities undertaken by listed banks.

iii. To examine the relationship that exists between CSR and listed banks performance in Ghana.

1.3 Research Questions

The fundamental inquiry of this study is what is the impact of corporate social responsibility on Ghanaian listed banks? Specifically, the study looks to give replies to the accompanying extra inquiries;

i. What is the overall effect of CSR on listed banks financial performance in Ghana?
ii. What is the nature and dimension of CSR activities undertaken by listed banks in Ghana?
iii. What kinds of relationship exist between CSR and listed banks in Ghana?

1.4 Significance of the Study

The study is relevant in light of the fact that it will add to the theoretical and empirical literature on the CSR-financial performance relationship. In addition, the discoveries of the study could be a valuable academic asset or reference material for future examinations investigating the connection between CSR and financial performance in Ghana as well as abroad. It is expected that this study will give an indication of how the corporate social responsibility scene seems to be in Ghana's banking system since there are no significant differences in the underlying and functional models in the different banks in Ghana.

This research, consequently, looks for first and foremost, to add to knowledge in that area of the CSR-financial performance connection, and to existing studies on the topic. It is trusted that the discoveries of this study would act as a significant source of information that could impact corporate strategies on CSR, as well as add to the current group of empirical literature from a developing stock exchange like that of Ghana. The

need for a study of this sort is considerably more significant in an environment like Ghana's, which is portrayed by developing calls for corporate citizenship, and the requirement for organizations to turn out to be more receptive to the necessities of deprived communities within certain parts of the country and the society as a whole. This call is reasonable given the significant role CSR could play in assisting managed formative issues in the country, for example, high unemployment, poor healthcare delivery, poverty, lack of quality education, absence of quality potable water, and lack of social amenities in many deprived communities in the country.

The result of this research work will help the Ghana banking framework to assess their degree of obligation to their corporate social responsibility objectives and functions in the light of reliance on the environment as a wellspring of sources and market for corporate outputs. It will likewise feature the level of neglect of government as a regulatory agent in the execution of its social responsibility obligations.

The outcomes of the study might be extremely valuable to regulatory institutions like the Bank of Ghana, and Government of Ghana with regards to working up approach discussions and talks concerning the CSR-financial performance relationship in Ghana and furthermore upgrading firm financial performance in Ghana. It will likewise assist financial institutions and develop their CSR activities in light of the impact CSR has on their performance. It will serve as a kind of reference guide for future researchers to additionally work on this area of research.

1.5 Definitions of Terms and Constructs

The terms Corporate Social Responsibility, Financial Performance, Impact and bank, as they are utilized in this study, frequently however not necessarily in all cases have the accompanying implications and applications;

1.5.1 Corporate Social Responsibility

Is a business cycle that an organization adopts beyond its lawful commitments to make added economic, social and environment worth to society and to limit expected unfavourable impacts from business activities, which incorporates collaborations with suppliers, employees, consumers and communities overall. It likewise depicts an organization's commitments to be accountable to its stakeholders in all its operations and activities. Corporate social responsibility is a type of business self-regulation with the aim of social accountability and making a positive impact on society. Some ways that a company can embrace CSR include being environmentally friendly and eco-conscious; promoting equality, diversity, and inclusion in the workplace; treating employees with respect; giving back to the community; and ensuring business decisions are ethical.

1.5.2 Financial Performance

Financial performance is a complete evaluation of a company's overall standing in categories such as assets, liabilities, equity, expenses, revenue, and overall profitability. Financial performance is a subjective measure of how well a firm can utilize resources from its essential method of business and generate revenues. This study utilized two of the most generally employed accounting measures of financial performance, to be specific, Return on Assets (ROA) and Return on Equity (ROE) as the intermediaries of

financial performance e (e.g. McWilliams & Siegel, 2000; Orlitzky, Schmidt & Rynes 2003; Tsoutsoura, 2004; Brine et al., 2006, cited in Gololo, 2016)

1.5.3 Impact

Impact is a marked effect or influence, and it's worth highlighting marked, meaning that there's some ability to observe or ideally measure the effect. In this study, the word impact alludes such that the independent variable of CSR and control variables applies on the dependent variable of financial performance, measurable in purely statistical terms.

1.5.4 Bank

Is a financial intermediary that accepts deposits and channels those deposits into lending activities, either directly by loaning or indirectly through capital markets. A bank is a financial institution licensed to receive deposits and make loans. Banks may also provide financial services such as wealth management, currency exchange, and safe deposit boxes. There are several different kinds of banks including retail banks, commercial or corporate banks, and investment banks. A bank links customers that have capital deficits and customers with capital surpluses.

1.6 Scope and Limitation of the Research

There are a lot of financial institutions in Ghana, but this research only focuses on banks. This research is confined in scope on account of the impediment in the accessibility of resources and practically undertaking research. This research was restricted by the size hence whether the sample size is adequate to generalize the findings and draw valid conclusions. Methodologically, the study depends on

secondary data and utilizes statistical/econometric models to analyse the connection between CSR and financial performance. Since the research design is non-experimental and ex post facto, the noticed relationship between CSR and financial performance are to be perceived according to the point of view of statistical relationship, not genuine causation, something that is attainable just when the more experimental design is utilized.

1.7 Organisation of Research

For proper presentation of the work, the project will be divided into five (5) chapters. The Chapter one will cover the Introduction which talks about the background of the study which is an overview of the research question. That is a compilation of adequate information that is based on the analysis of the problem, the steps and methods needed to arrive at the design, the implementation of the results achieved, and feasible solutions. The Introduction also includes Problem Statement which outlines the gap in the existing knowledge or a deviation in the norm or standard that points to the need for further understanding and investigation. Thus, it briefly explains the problem that the research will address. Moreover, it also talks about the Objectives of the Study which describe concisely what the research is trying to achieve. Thus, it summarizes the accomplishments a researcher wishes to achieve through the project and provides direction to the study. Furthermore, it includes Research questions, which is a specific enquiry that the research seeks to provide response to, thus it clearly define a path for the research process. The Introduction also talks about significance of the study which justifies why the research was needed, the impact of the research, its contribution, and how others would benefit from it. A definition of terms and constructs is also included in the Introduction and lastly, scope and limitations of the study which details how in-

depth your study is to explore the research question and the parameters in which it will operate in relation to the population and timeframe is also included in the introduction.

The Chapter two will deal with review of related Literature on the topic and this is broken down into appropriate sub-topics. Thus the Theoretical review which helps to establish what theories already exist, the relationships between them and to what degree the existing theories have been investigated. Moreover it includes Conceptual review which categorizes and describes concepts relevant to the study and outlines a relationship between them, including relevant theory and empirical research. Lastly to be discussed is the Empirical review which is based on observed and measured phenomena and derives knowledge from actual experience rather than from theory or belief.

The Chapter three will deal with the methodology employed which comprises of the research design for the study, paradigm, population and sample size as well as the instruments used in collecting the data and data analysis procedure, approach and the data source.

The Chapter four will look at the analysis and presentation of results of the study. This is done through the use of tables and figures, statistical presentation and discussion of results from the questionnaires and interviews and interpretation of the table.

Finally, Chapter five will deal with summary, conclusions, recommendation and suggestions of the study.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents the literature review which is organised in subheadings. The theoretical literature; the purpose of this form is to concretely examine the corpus of theory that has accumulated in regard to the impact of CSR on banks financial performance. The theoretical literature review help establish what theories already exist, the relationships between them, to what degree the existing theories have been investigated, and to develop new hypotheses to be tested. Furthermore the empirical literature which examines the current state of knowledge and is based on observed and measured phenomena and derives knowledge from actual experience rather than from theory or belief. Lastly the conceptual framework; which categorizes and describes concepts relevant to the impact of CSR on banks financial performance and outline the relationship that exist between them, including relevant theory and empirical research. The literature review is significant on the grounds that it shows what is already known regarding theory about the subject and what past researchers have noticed empirically.

2.1 Theoretical Review

The theoretical literature review help establish what theories already exist, the relationships between them, to what degree the existing theories have been investigated, and to develop new hypotheses to be tested.

2.1.1 Definition of Corporate Social Responsibility

Several researchers define CSR from various perspectives. Despite over six decades of research in the area, little progress seems to have been made with respect to arriving at a generally accepted definition, or even what to count as "CSR" (Campbell, 2007). McWilliams and Siegel (2001) define CSR to be a bunch of that multitude of activities, not constrained by the law of those nations. Corporate social responsibility are a company's "actions that appear to further some social good, beyond the interests of the firm and that which is required by law" (McWilliams, Siegel & Wright, 2011).

In the perspective on the European Commission (2011): "CSR is a process that integrates social, environmental, ethical and human rights concerns into the business operations and core strategy in close collaboration with the stakeholders".

Carroll and Bocholt (2003) characterized CSR as economic, legitimate, ethical, and optional assumptions that society has for associations at a given moment. (Carroll, 2008) stated that the whole idea of CSR in this early period is corporate philanthropy but there are only few actions which can be regarded as beyond philanthropy in this period.

2.1.2 Stakeholder Theory

Stakeholder theory is a concept that emphasizes the interrelationship between business and its various stakeholders, including investors, customers, employees, suppliers, etc. as shown in the figure below (Jansson, 2005). The stakeholder theory stresses on the fact that an organization should create value for its various stakeholders who are affected by its business actions and decisions, and not only its shareholders. It works from the point of three perspectives for a business:

stakeholders who have an impact on the business operations of the firm, how such interconnections have an impact on key stakeholders and the organisation and how the viewpoints of key stakeholders has an impact on the success of the firm's strategic measures (Bonnafous-Boucher & Rendtorff, 2016).

Organizations would not be able to achieve their CSR goals without the participation, expertise, know-how, and loyalty of its various stakeholders. One important aspect of CSR is that business is accountable to all its stakeholders who have a valid interest in it and the business decisions impact their interests (Kakabadse et al., 2005).

Stakeholder theory addresses the issue of a lack of awareness of the benefits of CSR (Harrison, et al., 2019). CSR aligned with stakeholder theory generates the maximum benefits in the form of societal development as well as creating a motivated workforce, better company branding, larger sales and profitability, satisfied customers, etc (Nikolova & Arsić, 2017). Thus, CSR is an integral part of corporate responsibility which involves the participation of its various stakeholders for its successful implementation. It has been noted that the fundamental dilemma of stakeholder theory is how to prioritize the myriad and diverse stakeholder claims from the broad range of actors involved (O'riordan, & Fairbrass, 2014). Identifying all the actors involved and the complexity of their interrelationships with other stakeholders can be a daunting task. Each stakeholder group has a set of interests, and each of these interests can be aligned with, unrelated to or in conflict with the interests of any other group. When one group is for an issue and the other is against, conflict arises. At this point the company should consider the relative importance and power of different

customer and other groups, as well as the legitimacy of their stands (Maignan, et al., 2005).

CSR activities will result in increased reputational equity only if stakeholders are aware of these activities and believe them to be of benefit (Lai, Chiu, Yang & Pai, 2010). However perceptions of key stakeholder groups can be at variance or even in conflict with their own longterm interests.

The stakeholder theory embraces that business organizations must play an active role in society in which they operate. Consequently, (Wicks et al. 2004) assert that corporations should consider the effect of their actions upon stakeholders who have an interest or stake in the corporations. Wearing (2005) provides that stakeholder theory stresses the importance of all parties, who are affected, either directly or indirectly, by a firm's operation. The stakeholder theory can also be explained using managerial and ethical branches (Deegan, 2013).

Branco and Rodrigues (2006) recommended that each organization ought to have a CSR that will empower them to consider the interest of all parties. Despite how advantageous stakeholder theory has been, there has been some critique on this theory. There has been an issue with identifying a stakeholder, consequently, who is a stakeholder to an organization and who is not (Freeman, 2004).

2.1.3 Carroll's Hierarchical Model

Corporate social responsibility (CSR) in its modern formulation has been an important and progressing topic since the 1950s. To be sure, evidences of businesses seeking to improve society, the community, or particular stakeholder groups may be traced back hundreds of years (Carroll et al. 2012). Dozens of definitions of corporate social responsibility have arisen since then. In one study published in 2006, Dahlsrud identified and analyzed 37 different definitions of CSR and his study did not capture all of them (Dahlsrud 2006). Many Western theoreticians have attempted to offer theoretical, moral and ethical groundings for CSR initiatives (Dusuki, 2008). However, these attempts have been broadly criticized for problems relating to justification, conceptual clarity and possible inconsistency, and for failing to give adequate ethical guidance to business executives who must decide which course to pursue and with how much commitment (Goodpaster, 2001).

However, Carroll's four-part conceptualization has been the most durable and widely cited in the literature (Crane & Matten, 2004) despite of the presence of numerous definitions/models and CSR synonyms. Carroll created a graphic depiction of CSR in the form of a pyramid. CSR expert Dr. Wayne Visser has said that "Carroll's CSR Pyramid is probably the most well-known model of CSR" (Visser 2006). Crane and Matten observed that all the levels of CSR depicted in Carroll's pyramid play a role in Europe but they have a dissimilar significance and are interlinked in a somewhat different manner (Crane and Matten 2007). Likewise, Visser revisited Carroll's pyramid in developing countries/continents, in particular, Africa, and argued that the order of the CSR layers there differ from the classic pyramid. He goes on to say that in developing countries, economic responsibility continues to get the most emphasis, but

philanthropy is given second highest priority followed by legal and then ethical responsibilities (Visser 2011).

In addition to issues being raised about the applicability of CSR and, therefore, the CSR pyramid in different localities, the same may be said for its applicability in different organizational contexts. Contexts of interest here might include private sector (large vs. small firms), public sector, and civil society organizations (Crane et al. 2008).

Hemphill (2004) summarises these four components of CSR as striving to make a profit (economic), obey the law (legal), be ethical (ethics) and be a good corporate citizen in its relationship with stakeholders (philanthropic). Brief explanations of the dimensions of Carroll's (1991) pyramid are given below:

2.1.3.1 Economic responsibilities

Economic obligations are placed at the base of the pyramid to delineate that the economic obligation of the firm is the bedrock foundation for business (Carroll, 2004) and addresses its major responsibility. Other obligations cannot be achieved without economic performance (Hutton et al., 1998; Windsor, 2001). The economic responsibility of the organization is to create goods and services required by society to acquire profit. This obligation additionally involves the production of jobs and how workers are paid (Jamali, 2008). Organizations are viewed as the economic unit of society. Hence, in the event that a firm satisfies its economic responsibility, it implies it is satisfying its core responsibility (Carrol, 1979). Studies have shown that organizations consider economic responsibility to be the main component, yet other studies have gone against it. A study by Maignan (2001) found that US consumers

consider economic responsibility as the most significant while German consumers consider it to be the least. Each business is supposed to follow rules and regulations restricting the society in which the business works (Carrol, 1991).

2.1.3.2 Legal Responsibilities

Legal responsibility refers to the responsibilities forced on a firm by the laws restricting the society in which a firm works (Carrol and Shabana, 2010). Legal responsibilities require a firm to submit to the laws of society. The laws of society commonly comprise the most goal and promptly accessible guide for recognizing distinguishing between permissible and impermissible way of behaving. They do this by determining those activities which are considered unfortunate and disregard society's guidelines of ethically adequate way of behaving (Wokutch and Spencer, 1987). A significant benefit of legal responsibility is that it overrides the restrictions related with the organizations and makes morals that firms can stand (Jamali, 2008).

2.1.3.3 Ethical Responsibilities

Ethical obligations expect that organizations submit to moral standards which characterize fitting ways of behaving in the public arena; they involve acting morally, making the wisest decision, just and fair; regarding individuals' ethical freedoms, and keeping away from damage or social injury as well as preventing hurt brought about by others. Ethical obligations embrace those activities and practices that are normal or disallowed by society despite the fact that they are not systematized into law (Carroll, 1991).Although economic and legal responsibility breed or require some ethical standards like decency and equity, ethical responsibility manages practices that are not revered in a constitution not restricting by regulation, it is disallowed or anticipated by the general public in which a firm works (Carrol and Shabana, 2010).

2.1.3.4 Discretionary Responsibilities

A firm's discretionary responsibilities involve wilful social involvement, including activities like altruistic contributions. These exercises are simply voluntary, directed exclusively by organizations' craving to participate in social activities that are not mandated, not legally necessary, and not by and large expected of business. They include such things as giving a childcare centres to working mothers and giving charitable gifts (Maignan and Ferrell, 2000).

As indicated by Crane et al. (2008), Carrol's CSR is reasonable and realistic, taking into thought the philanthropic quality of firms without abdicating the obligations of organizations to meet the firm's economic responsibility. This structure is generally seen to be relevant in the western world, the utilization of this model in Africa has been questioned (Visser, 2006).

These demands wind up turning into a core mandate of an organization. Carrol's model shows that the motive process of each and every organization is by and by focused on profit making as well as to act in adjust way that will help in serving the interest of all partners and furthermore submit to rules and regulations that govern the organizations.

It should be stated that Carroll's model has far had an unequivocal impact in conceptualizing corporate social responsibility; however it has not come without criticisms. Schwartz and Carroll (2003) indicated that, in spite of the fact that there is considerable worth in Carroll's model, it experiences some limitations. Firstly, they suggested that the pyramid system recommends a power structure. One might misjudge the pyramid to propose that the class at the highest point of the pyramid (generosity) is the most significant or exceptionally esteemed classification, one that organisations

ought to strive for. As per Thorne et al. (1993), when the pyramid was first presented, many individuals assumed that there was a natural progression from economic to philanthropic responsibilities, as is the case for example with Maslow's Hierarchy of Needs.

Nonetheless, Carroll (1991) has expressed that these four classes are not fundamentally unrelated, nor are they expected to depict a continuum with economic concerns toward one side and social concerns on the other.

Figure 2.1: Carroll's Pyramid of Corporate Social Responsibilities
Source: Adapted from Carroll (1991); Hemphill (2004) and Windsor (2001).

2.1.4 The Triple Bottom Line Theory

Referred to as "a brilliant and far-reaching metaphor" (Henriques, 2007, p. 26), the TBL construct was coined by Elkington (1997). Prior to the late 1990s, the term was not significantly known. Today, a basic Google search returns over three million web pages with the notion TBL, up from 52,400 web pages in 2004 (Norman & MacDonal, 2004).

In essence, TBL is another construct that expresses the expansion of the environmental agenda in a way that integrates the economic and social lines (Elkington, 1997). TBL provides a framework for measuring the performance of the business and the success of the organization using the economic, social, and environmental lines (Goel, 2010). The term has also been referred to as the practical framework of sustainability (Rogers & Hudson, 2011). Targeted toward corporations, the TBL agenda puts a consistent and balanced focus on the economic, social, and environmental value provided by the organizations.

2.1.4.1 Economic Line

The economic line of TBL framework refers to the impact of the organization's business practices on the economic system (Elkington, 1997). It pertains to the capability of the economy as one of the subsystems of sustainability to survive and evolve into the future in order to support future generations (Spangenberg, 2005). The economic line ties the growth of the organization to the growth of the economy and how well it contributes to support it. In other words, it focuses on the economic value provided by the organization to the surrounding system in a way that prospers it and promotes for its capability to support future generations

2.1.4.2 Social Line

The social line of TBL refers to conducting beneficial and fair business practices to the labor, human capital, and to the community (Elkington, 1997). The idea is that these practices provide value to the society and "give back" to the community. Examples of these practices may include fair wages and providing health care coverage. Aside from the moral aspect of being "good" to the society, disregarding social responsibility can

affect the performance and sustainability of the business. Recent examples in the industries have revealed that there are economic costs associated with ignoring social responsibility. For instance, during the 2002 civic elections in the Bay area of California, the public voted against the establishment of a Home Depot due to their perception of its negative residential impact as a neighbor (Dhiman, 2008). The social performance focuses on the interaction between the community and the organization and addresses issues related to community involvement, employee relations, and fair wages (Goel, 2010).

2.1.4.3 Environmental Line

The environmental line of TBL refers to engaging in practices that do not compromise the environmental resources for future generations. It pertains to the efficient use of energy recourses, reducing greenhouse gas emissions, and minimizing the ecological footprint, etc. (Goel, 2010). Similar to the social aspect of TBL, environmental initiatives impact the business sustainability of the organizations. An analysis by Kearney (2009) was done on 99 sustainability-focused organizations across 18 industries to examine the impact of environmental activities on the performance of the organization. The industries in the analysis varied from technology, automotive, and chemical to food, media, retail, and tourism. The analysis period lasted for six months and the research methodology aimed toward determining whether organizations with sustainable practices are more likely to withstand the economic downturn. The sample of the study included sustainability-focused organizations that were part of the Dow Jones Index. The analysis was done in two phases: a three-month phase and a six-month phase. The analysis revealed that during the current economic downturn, organizations with practices that are geared toward protecting the environment and improving the

social well-being of the stakeholders while adding value to the shareholders have outperformed their industry peers financially. The financial advantage has resulted from reduced operational costs (energy and water usage, etc.) and increased revenues from the development of innovative green products (Kearney, 2009).

Figure 2.2: Elements of the Triple Bottom Line
Source: (Edvardsson, Enquist & Hay, 2005)

2.1.5 Utilitarian Theory

According to the Stanford Encyclopaedia of Philosophy, utilitarianism is when "an act is morally right if and only if that act maximises the good". By this definition, an action that increases the world's net good is ethical and compulsory CSR is no exception to this rule. Research exemplifies that government regulations help reduce green washing. While the interpretation of green washing is unsettled, the most agreed-upon definition by Greenpeace claims that green washing is "the act of misleading consumers regarding the environmental practices of a company or the environmental benefits of a product or service" (as cited by Gatti et al., 2019). Most ethicists deem green washing to be unethical due to its misleading nature and its tendency to create an illusion of environmental sustainability that eventually leads to more considerable consumer

scepticism (MacDonald, n.d.). A study by Gatti et al. (2019) conveyed that an increase in government regulation of CSR practices would diminish the level of green washing due to the heightened levels of accountability and cross-checking. Hence, when governments reduce the harm (inflicted through unethical practices such as green washing) by implementing mandatory CSR policies, they raise the net good in the world, an ethical decision from a utilitarian point of view.

Conversely, some have debated that governments can maximise the net good more effectively by collecting the CSR money as tax and allocating it as one uniformed body (Arun, 2019). While it is reasonable to consider that governments will be more capable of processing the money more efficiently than numerous companies with their corporate agendas, it is also important to remember that politicians have self-interest. Utilitarianism is about increasing the maximum amount of good for the maximum number of people (Sinnott-Armstrong, 2019). Nevertheless, when politicians decide the government's money-allocation, they display a natural bias towards their voters. By collecting the CSR money as a form of additional corporate tax, governments would end up increasing the good of a small group significantly, but would not be able to improve the benefit for a more diversified society as the CSR programs. The lack of divergence is because the self-interest of various organisations is more varied than that of a single-government. In essence, making CSR mandatory is ethical as it would distribute the net good across a broader range of people.

2.1.6 Shareholder Value Theory

Shareholder theory argues that shareholders are the ultimate owners of a corporate are assets and thus, the priority for managers and boards is to protect and grow these assets for the benefit of shareholders. Berle and Means argued that corporations have a variety

of purposes and interests including encouraging entrepreneurship, innovation and building communities. This wider view is gaining more traction in recent decades as evidenced by an increased interest in ethical investment funds. This suggests that shareholders and potential shareholders are not only interested in financial gains but are also interested in corporates being socially responsible (Kyriakou, 2018).

As early as 1992 Michael Porter claimed that economic instability and insecurity results from a focus on shareholder value maximisation. More recently Clarke (2015) argued that the relentless search for returns, regardless of the consequences, and the self-interest and irresponsibility embodied in the pursuit of shareholder value, was at the heart of corporate scandals, such as Enron and Worldcom in the early 2000s, and the reckless excesses leading to the global financial crisis of 2008. Moreover, Government bailouts of banking corporations in the aftermath of the financial crisis, with the associated short and long-term costs to taxpayers, indicate that an excessive focus on maximising shareholder wealth not only damages shareholders but also has a negative on society. Agency theory identifies that directors could be self-serving at the expense of shareholders and that this can have negative consequences for the long-run sustainability of a corporate. However, the empirical literature is inconclusive as to whether methods used to reduce agency, lead to better outcomes for shareholders (Pargendler, 2016). It would seem that agency theory is an oversimplification of the complexity and heterogeneity of financial and corporate reality. Economics is not the only driver of human interactions; it is also shared by politics, ideologies, legal systems, social conventions, modes of thought etc. (Kirkbride, Sun, & Smallman, 2008). Therefore, a focus on shareholder wealth is appealing for its simplicity but fails to take into account the complexity of the corporate world. Whilst shareholders own shares in

corporations, they are defined under law as a separate legal entities. They exist separate to their aggregate members, with their own rights and duties that do not derive from the rights of their shareholders (Letza et al. 2008). Therefore, as distinct social entities, the directors' duty is to that distinct entity, not the aggregate shareholders.

Pargendler (2016) suggests that there is little congruence between focusing on shareholder value and social wealth. Thus, there is little overlap between the interests of shareholders and those of wider society. Pargendler's (2016) conclusion focused on the outcome of the pursuit of financial objectives, where the output is dividends and share price increases; however, there are other beneficial outcomes from corporate sustainability that benefit the wider stakeholder body.

In the early 1970s activist shareholders have submitted proposals on social issues at annual general meetings. This suggests that shareholders have interests other than financial returns and that by catering for other stakeholder interests, boards are in fact catering for shareholder interests. Moreover, furthering shareholder value is not mandated under corporate law (Stout 2012), and the law has imposed positive duties on boards to other stakeholders, such as to employees and suppliers. More widely, investors in many markets reported that even where a primary duty to shareholders is accepted, this does not exclude engagement and action on sustainability issues (Sullivan, Martindale, Feller, & Bordon, 2015).

Coinciding with other theories, SVT accepts as a matter of fact democracy, market economy, and liberties included in economic activity, such as freedom of contract, freedom of association, freedom to start up a business, to hire labor, for choose products and to trade. More controversial is another assumption implicit in this theory: a full

separation of the functions of the public and private spheres. So business is considered as a private and autonomous activity only restricted by the regulations of the government, without responsibility other than to make profits and create wealth. This mono-functional view leads to the rejection of responsibilities for the consequences of business activities. Thus, responsibility for the pollution of a factory has to be taken into account only if there is a legal requirement to avoid it. Friedman (1970) literally says that it is not acceptable ‘to make expenditures on reducing pollution beyond the amount that is in the best interests of the corporation or that is required by law in order to contribute to the social objective of improving environment’. In other words, the public good has to be pursued exclusively by public servants and politicians, but not by private businesses. So in Friedman's view, if the corporate executive assigns corporate resources to ‘social objectives’ that means that he or she is imposing ‘taxes’ on shareholders.

A refocus to enlightened shareholder value is consistent with the growing numbers of institutional investors who include sustainability criteria and metrics when developing and assessing portfolios of shares (Chen & Scholtens, 2018; Miralles-Quiros, Miralles-Quiros, & Arraiano, 2017; Sullivan et al., 2015). Even Michael Jensen, the champion of agency theory, has conceded that in order to maximize value, managers must not only satisfy, but enlist the support of all corporate stakeholders (Jensen 2002).

2.2 Empirical Literature

Empirical literature is reported in such a manner that other investigators understand precisely what was done and what was found in a particular research study to the extent that they could replicate the study to determine whether the findings are reproduced when repeated. Previous studies have exhibited blended results in regards to the

connection among CSR and financial performance. The topic has delivered searing discussions among researchers; until now writing is uncertain. The standard viewpoint is a positive, negative, and neutral connection between two constructs.

2.2.1 Positive relationship between CSR and Financial Performance

This school attests that CSR plays an integral part in improving financial performance. CSR, as indicated by stakeholders and agency theory, applies a positive effect on financial performance. Different studies have affirmed the positive nexus, for example, Waddock and Graves (1997) assessed 469 companies while surrogates KLD estimation for CSR. He analysed the effect of both slack resources and good management theory. He found CSR positively connected with earlier and future financial performance, subsequently upholds both slack resource and good management theory. Similarly, Kim and Kim (2014) studied CSR in the tourism industry, analysed whether CSR improves an incentive for investors. The review utilized the ESG rating from 1991 to 2008, to precisely test the impact of CSR on two distinct kinds of equity-holder risks (i.e. systematic and unsystematic risks). He recommended that social responsibility was found to improve shareholder value by expanding Tobin's Q, while firms having insignificant CSR decreased investor value by expanding the risk. The focal hypothesis which upholds the positive relationship is CSR enhances the competitiveness of a firm.

According to an innovation point of view, CSR decreases firm expenses, create value for stakeholders, and internal craft abilities, for example, being the first mover in an industry (Preston and O'Bannon, 1997), every one of these add to the competitive advantage of a firm. The three essential channels through which CSR applies competitiveness in the firm; cooperation with different stakeholders, developing new business opportunities through addressing critical societal challenges, improve on

working conditions, that increases the confidence of labourers and pay better attention towards workers. Consequently, by investing resources into predominant social responsibility, a firm develops a stock of reputational capital and hence boosts its financial performance. Further, CSR helps in building a positive relationship with customers, attracting motivated employees, lowering the company's risk, and spreading positive word of mouth, which could somehow impose an expense (Bird, Hall, Momentè, and Reggiani, 2007). Likewise, Hammond and Slocum, (1996) featured that CSR could improve corporate reputation and lower financial risk, hence firms having a negligible possibility of getting bankrupt, compared with non-CSR firms.

In a study conducted in Ghana, Hevi et al. (2018) focused on unravelling the dynamics behind organisations' investment into Corporate Social Responsibility (CSR) and its impact on financial performance utilizing the fixed-effect panel regression model. The outcomes showed that CSR applies various impacts on various signs of financial performance estimated as far as return on measured in terms of return on assets (ROA), return on equity (ROE) and return on capital employed (ROCE). CSR exercises were found to cause a critical positive relationship with ROCE yet neglected to anticipate similar relationship with ROA and ROE, which stay one of the critical performance indicators. Nonetheless, communication on the societal and environmental effects of CSR was found to be positively linked with improvement in ROA and ROE.

2.2.2 Negative Relationship between CSR and Financial Performance

The classic argument by Friedman (1970), he considers CSR to be an agency problem and recommends that CSR adversely affects corporate financial performance on the grounds that a company's CSR involves costs. Brown et al. (2006), conjuring the agency

cost theory, show that managers might help themselves utilizing firm resources through corporate generosity while investors incur a loss by spending on charity.

Cordeiro and Sarkis (1997), in an example of 523 US firms show a negative connection between environmental activism and income per share while taking Toxic Release Stock data as the proxy for environmental protection. This logic contends that those taken part in the CSR exercises incur a competitive shortcoming since they cause costs that ought to have been borne by different institutions. For example, eco-accommodating activities, philanthropy, client benefit, medical care habitats, and environmental conservation. Moreover, Hemingway and Maclagan (2004) believe that CSR is a cover-up for fraudulent activities imitated by management, which forces negativity in CSR. Cynics have blamed CSR as a projection for the sound picture, no matter what their unpublicised unethical practices (Caulkin, 2002). Likewise, Moon (2002) brought up that inspiration for CSR is continuously determined by some self-intrigue, paying little mind to whether the movement is deliberately determined for business purposes alone, or whether it is also partly driven by what appears, at least rapidly, as an altruistic concern. The covered up assumption is that business imperative is not the sole reason behind CSR. The astute directors deceptively advance their altruism.

Shane and Spicer (1983) moreover tracked down a negative connection between the levels of social disclosures and economic returns. This is a direct contrast to Spicer's 1978 paper, which saw as a critical positive relationship. This features the irregularity of the outcomes obtained by various studies. It can be proposed, consequently, that how CSR is estimated can likewise have a critical effect on the conclusions that are reached. Consistency is expected for comparable solutions. The clarification that Shane and

Spicer (1983) provided for the negative results is that investors are put off by CSR; this is predictable with research by Riahi-Belkaoui (1992) who found a negative connection between external perceptions of an organization's CSR exercises and executive compensation schemes, giving another angle on the relationship. Rehab-Belkaoui’s discoveries propose that top administration might be stopped from undertaking CSR exercises. This is on the grounds that the investors don't see the value in their benefits being spent on exercises they don't consider beneficial to them.

More recent studies (Brammer, Brooks and Pavelin, 2006; Fu, Wang and Jia, 2012) anticipating a negative connection among CSR and financial performance have contended that the negative relationship emerges because of the extra expenses caused to improve social or environmental performance, which does not lead to improving shareholder value. Likewise, productive business and investment strategies that are dismissed simply because of CSR concerns must result in lowering economic performance (Knoll, 2002).

2.2.3 Neutral relationship between CSR and Financial Performance

The discussion in regards to CSR and financial performance has prompted likelihood that CSR works freely, inadequate with regards to any financial upshots. Both the factors totally unrelated and the relationship is simply by some coincidence. The advocate of this way of thinking argues that there are so many interposing variables among CSR and financial performance that relationship scarcely exists (Ullmann, 1985). Comparative outcomes were featured by Abbott and Monsen (1979), and Griffin and Mahon (1997). McWilliams and Siegel (2000) researched the connection between CSR and financial performance in the sample size of 524 for 6 years. The outcome

shows upwardly one-sided estimates of the financial effect of CSR, however when the model was sufficiently indicated, by consolidating R&D, the outcome shows a neutral impact of CSR on financial performance. Kenneth also, Hage (1990) relate community service with various organisational attributes in the sample of 82 organizations. The outcomes highlighted that community service does not influence profit goals, low price niches, and multiplicity of outputs, and workflow continuity.

In South Africa, Chetty, et al. (2015) researched the effect of CSR on a company's Corporate Financial Performance (CFP) utilizing an event study methodology for the short-term and regression as long-term. The outcomes uncovered that CSR exercises lead to no significant contrasts in financial performance. Oppong (2014) analyzed the CSR-financial execution nexus utilizing the Top 100 Performing Firms in Ghana and found no significant connection between any of the marks of financial performance and CSR.

2.3 Conceptual Framework of the Study

A conceptual framework is an analytical tool with several variations and contexts. A conceptual framework is a construction that the researcher believes can best define of the natural improvement of the phenomenon to be studied (Camp, 2001). It is related with the concepts, empirical research, and important theories used in promoting and systemising the knowledge embraced by the researcher (Peshkin, 1993).). It is the researcher's explanation of how the research problem would be explored. The conceptual framework presents an incorporated perspective on issue under study (Liehr and Smith, 1999). According to a statistical point of view, the conceptual framework portrays the connection between the principal concepts of a study.

2.3.1 History of CSR

Corporate Social Responsibility was introduced during the ‟50s, and it was the obligation of businessmen, not organizations. The literature surveyed on CSR showed that it began far back (Carrol, 1999) however the mission to go further in it was during the 1990s (Lee, 2008). CSR should not be visible as another drive in light of the fact that numerous organizations have been setting out on exercises that show that they are economically, ethically, and discretionally responsible before CSR appeared (Matten et al. 2003). Bowen (1953) in his writing characterized CSR as an eagerness to guarantee that actions that will be helpful to society are set up and furthermore giving insurance policies by businessmen. Early works conducted Bowen made Carrol (1999) in his review recommend that Bowen ought to be viewed as the person who brought CSR. Further investigations have been directed decade later Bowen‟s work to help or amount to the Bowen discoveries. Perhaps of the most compelling individual likewise in this space is Keith Daxis. In his study, he pointed out that the financial activities of CSR need to be provided, and also, in the long run, financial benefits have to be provided to a firm. In a study that he conducted with Blomstorm indicated that a firm is seen to be socially accountable when it takes into consideration the needs of those who the firms‟ activities can affect them.

McGuire (1963) suggested that CSR exercises ought to move past financial legitimate exercises while Fredrick (1960) likewise suggested that the requirements of general society should be met by CSR exercises. Walloon in 1967 distributed a book that expounded on the "Attributes of CSR" and furthermore proposed that the focal point of CSR ought to be on voluntarism. As per Archie Carroll (1970), CSR includes economic, legal, ethical, and voluntary responsibility. Jones (1980) and Drucker (1984) immensely

added to CSR and their studies were fixated on the capability of the business to society and given an alternative view on CSR. Jones (1980) posited it is hard to settle on the constituent of socially responsible exercises. Drucker (1984) said it is in a business opportunity that a business should perform CSR. Results, processes, and standards were models the organ propounded by Wood (1991). Most people believe that the economic responsibility of CSR centres' around the business as well as discretionary, legal, and ethical responsibilities. Yet, this was refunded in Carroll (1999) and brought up that economic responsibility is likewise important for the obligations of a business to society and furthermore expressed one of the economic responsibilities of a business is providing employment.

In 2010, Carroll added to this prior study on CSR. He viewed the 2000s as a time of worldwide corporate citizenship (Carroll, 2010). This period brought about business ethics and sustainable development (Carroll and Shabana, 2010). Regardless of this multitude of developments on CSR, numerous new definitions and theories have arisen. Eminent among them is the World Business Board for Sustainable Development (WBCSD). They characterized CSR as accomplishing success in trade by taking into consideration ethical principles and, also appreciate people and communities. As per McWilliams and Siegel (2001), CSR looks to fulfil the interest of people rather than firms‟ interest and this is legally required. As indicated by Baughn et al. (2007), CSR tries to enhance social welfare and stakeholder relations. This makes sense of how employees as stakeholders can influence CSR policies. In any case, employees as a stakeholder group can evaluate and respond to CSR programs (Rupp et al. 2006). Additionally, they can go about as agents of social change by ensuring that companies adopt CSR exercises (Aguitera et al. 2007).

As per Katsoulakos et al. (2004), the evolution of CSR can be recognized in three (3) stages starting from the CSR Initiation Phase (1960 to 1990), the CSR Momentum Building Phase (1990 to 2000) through to the third stage which is the Mainstreaming Initiation Phase (in the 2000). The first phase during the 1960s started with an organization called Goyder's Responsible Company in the United Kingdom (Ramathan, 1976 and Katsoulakos et al., 2004). The issues handled in this phase included environmental issues, for example, climate change and global warming. In this way, there was the need for organizations to foster economically sustainable activities at that point. Subsequently, within the same phase, during the 1980s, prevailing issues were destitution, population pressure, and social disparity among others. During the period, the standards of sustainable development and how these could be estimated emerged first time with the introduction of the Brundtland report, distributed in 1987 by the World Commission of Environment and Development. This report featured the requirement for nations to join to seek sustainable development together. At the point when it came to adopting and reporting practices, most organizations at that point perceived the solution for curbing their ecological issues by introducing environmental management systems and quality systems.

2.3.2 Dependent Variable (financial performance)

Financial performance is a complete evaluation of a company’s overall standing in categories such as assets, liabilities, equity, expenses, revenue, and overall profitability. It is measured through various business-related formulas that allow users to calculate exact details regarding a company’s potential effectiveness. As indicated by Mutende et al. (2017), financial performance alludes to a company's capacity to accomplish planned financial outcomes as measured against its expected results. Firm performance

includes three explicit areas: financial performance (profits, ROA, return on investment, etc.); product market performance (sales, market share, etc.); and shareholder return (total shareholder return, economic value added) (Richard et al., 2009). This study focuses on the financial performance of listed banks in Ghana. Financial performance is generally estimated utilizing financial ratios, for example, ROE, ROA, return on capital employed, return on sales (ROS), and operating margin (Gilchris, 2013). Ratios give a more extensive comprehension of an organization's performance, since they are determined from information obtained from the financial statements of a company. This study measures financial performance using ROA and ROE.

2.3.3 Independent Variable (Corporate Social Responsibility)

Corporate social responsibility is a form of international private business self-regulation which aims to contribute to societal goals of a philanthropic, activist, or charitable nature by engaging in or supporting volunteering or ethically oriented practices. Corporate social responsibility (CSR) refers to the incorporation of environmental, social and governance (ESG) considerations into corporate management, financial decision-making, and investors' portfolio decisions. This study adopts Ehsan et al.'s (2018) multidimensional conceptualisation of the CSR construct, and computes an aggregate disclosure index based on four CSR dimensions, namely; customers, Government, Employees and Society and Environment.

2.3.4 Control Variables

A controlled variable is one which the researcher holds constant (controls) during an experiment. Two sets of control variables are used in the conceptual framework.

2.3.4.1 Firm-Specific Variables

Zou and Stan (1998) defined firm-specific variables as a company's demographic and administrative variables which, in turn, involve part of the company's internal environment. Pradhan and Dahal (2016) have uncovered that firm specific variables like earnings per share, divided per share, price earnings ratio, book value per share, return on assets and size are the major determining stock price in context of commercial banks in Nepal. As indicated by Kogan and Tian (2012), firm characteristics incorporate firm size, age, leverage, liquidity, sales growth, asset growth, and turnover. Others incorporate ownership structure, board attributes, age of the firm, dividend payout, profitability, admittance to capital business sectors, and growth opportunities (McKnight and Weir, 2008; Subrahmanyam and Titman, 2001).

2.3.4.2 Macroeconomic Variables

The macro-environment looks at forces encompassing a firm that can possibly influence the manner in which it works (Davis and Powell, 2012). The Institute of Chartered Accountants (ICAN) thought that it tends to be seen as a set of factors or on the other hand conditions that are external to the firm yet which can impact the operations of the firm. The study’s conceptual framework postulates that the financial performance of Ghanaian listed Banks (ROA and ROE) is directly influenced and impacted in aggregate or composite terms by CSR.

2.4 Features of CSR

CSR snuggles a great deal of standards like business morals, corporate administration, environmental concerns, and sustainable development.

2.4.1 Socially Responsible Investments (SRI)

SRI is a strategy that encourages corporate practices that promote social responsibility and laudable initiatives such as impact investing, shareholder advocacy and community investing (Guay, Doh, & Sinclair, 2004; Sparkes & Cowton, 2004; Schueth, 2003). The rationale behind SRI is to consider both financial return as well as responsible investments for societal development. Its goals are based upon environmental issues, human rights, community involvement and labour relations (Friedman & Miles, 2001; Ooi & Lajbcygier, 2013; Sparkes, 2003). SRI is the mirror image of corporate social responsibility. As highlighted by Puaschunder (2017), firms are socially responsible in the sense they try to capture investment and for such they need to act in a responsible way. Acting responsibly will certainly contribute for a future strategic advantage. In Revelli's (2017) view, announcing that an investment is socially responsible is a way to call the attention of investors. This also has its perils, because firms become socially responsible not because of a genuine concern with society and the environment but because they opportunistically perceive that this might bring about the curiosity and attention of investors and their willingness to take part in the business.

2.4.2 Business Ethics

Business ethics are the moral principles that act as guidelines for the way a business conducts itself and its transactions. Firms that seek to be ethically responsible do assess the ramifications of their activities right from product development through to manufacturing and distribution. A business that sees ethics to be its guiding principle

will constantly go beyond its ethical practices by taking into providers and contenders. Moral guidelines in business regularly centre on the guidelines that bind the sector in which the business tracks down itself. As per Chryssides and Kaler (1993), ethics in business is taught at undergraduate and postgraduate levels.

2.4.3 Environmental Concerns

Environmental issues are effects of human activity on the biophysical environment, most, often of which are harmful effects that cause environmental degradation. Environment destruction caused by humans is a global, on-going problem. Some of the primary environmental challenges that are causing great worry are air pollution, water pollution, natural environment pollution, rubbish pollution, and so on. As indicated by Jones et al. (2005), issues about the environment is a top priority for organizations in the UK. Firms are supposed to give an account of the energy they consume, water utilization, the chemicals they use as well as where they acquire their merchandise from. Additionally, manufacturing firms are supposed to guarantee purifying up and furthermore attempt to resist world environmental issues that can be brought about by them. Likewise, they should buy pollution permits to be confined in terms of pollution. Firms in the UK are supposed to comply with all laws concerning water contamination, air, and also, soil. A related but distinct set of regulatory regimes, now strongly influenced by environmental legal principles, focus on the management of specific natural resources, such as forests, minerals, or fisheries. Other areas, such as environmental impact assessment, may not fit neatly into either category, but are nonetheless important components of environmental law.

2.4.4 Sustainable Development

Sustainable development is the idea that human societies must live and meet their needs without compromising the ability of future generations to meet their own needs. The "official" definition of sustainable development was developed for the first time in the Brundtland Report in 1987. The World Commission on the Environment and Development also stood out that sustainable development needed to consider that developing has limitations. According to the organization, the "present state of technology and the social organization on environmental resources, together with the limited ability of the biosphere to absorb the effects of human activities" impose limitations on sustainable development. Some groups of people consider social responsibility to be a subset of sustainable development while others see it as activities embarked by organizations to influence the welfare of society. According to the UK government's sustainable development it guarantees that each social development meets the desires of those it is intended for, safeguarding the environment, maintaining stable economic growth, and guaranteeing that there is a prudent utilization of natural resources (Performance and Innovation Unit, 2001).

2.4.5 Corporate Governance

The definition of corporate governance most widely used is "the system by which companies are directed and controlled" (Cadbury Committee, 1992). More specifically it is the framework by which the various stakeholder interests are balanced, or, as the IFC states, "the relationships among the management, Board of Directors, controlling shareholders, minority shareholders and other stakeholders". Corporate governance is a *system* of direction and control that dictates how a board of directors governs and oversees a company. Corporate governance includes principles of transparency,

accountability, and security. Poor corporate governance, at best, leads to a company failing to achieve its stated goals, and, at worst, can lead to the collapse of the company and significant financial losses for shareholders. Corporate governance helps in guaranteeing accountability in an organization by taking into thought the fiscal and social objectives of an organization as well as the necessities of the community There should be a division of obligations in an organization to ensure that there are equivalent power and authority so that nobody gets an uncalled for advantage over the other (Committee on the financial points of corporate governance, 1995).

2.5 Dimensions of CSR

The facets and dimensions of corporate social responsibility include the obligations a business has to its interest groups also called 'stakeholders.' The stakeholders in a business include shareholders / owners, consumers, employees, government, society, etc.

2.5.1 CSR towards Employees

As regards responsibility towards employees, the major issues governing the employer-employee relationship pertain to wages and salaries, superior- subordinate relations and employee welfare. It is the responsibility of management to provide for fair wages to workers based on the principal of adequacy, equity and human dignity. As per Turker (2009), CSR towards employees could be seen visible in circumstances like adaptable work tasks, career development, and remuneration. By taking into consideration the care delivered to the workers is probably going to bring about a good reputation to the organization. This can additionally bring about risk in simply deciding (Cormier and Magnan, 2007), although most findings show that the perceptions of employees on CSR

have a very good effect on job performance. However, employee welfare cannot be viewed within the narrow limits of legal requirement. Employee welfare is best secured if the management accepts the obligation to secure and maintain a contented work force, and the employees have the opportunity of developing their potential abilities through training and education.

2.5.2 CSR towards Customers

The success of each and every organization relies upon customers since they are essential stakeholders. Employees normally get feedback from customers. Likewise, they get a few reactions from customers on their perspectives on products. As indicated by Riketta (2005), there is strong relationship between job identification and job performance in case of connecting CSR towards customers‟ responsibility. As per the Social Identity Theory, in the event that employees acquire good feedback from employees about practices, workers ought to interpret this as an individual level.

2.5.3 CSR towards Government

Social responsibility of business towards government requires that: the business will conduct its affairs as a law-abiding unit, and pay all taxes and other dues honestly, and also management will desist from corrupting public servants or the democratic process for selfish ends, and no attempt will be made to secure political support by money or patronage. Shen and Zhu (2010) found a positive connection between the impressions of workers also, the degree to which their organizations legally conform to rules and regulations. This study was conducted among Chinese employees. However, Turker (2009) found no relationship between the perception of employees on CSR towards government and organizational commitment. This shows that employees in China prefer CSR activities that correspond to the legal requirement. This could be a result of

the recent malpractices that have occurred in China due to bribery and corruption, environmental pollution, and the basic right of employees (Lin, 2010).

2.5.4 CSR towards Society and Environment

Arising out of their social responsibility towards the community and public at large, businessmen are expected to maintain a balance between the needs of business and the requirements of society. In general, business should be so managed as to make the public good become the private good of the enterprise rather than the old doctrine that "what is good for the business is good for the society". Concerning social identity theory, firms that normally forgo their profit for the benefit of society have a higher reputation. In such a situation, employees are willing to work with an organization of such a fort and the organization becomes much known and gains organizational identification. The organizational identity will motivate employees to work and even take risky decisions which in the long run will enhance productivity. Rupp et al. (2013) found out that there is a strong relationship between the perceptions of employees towards society. The social responsibility of business firms should be reflected in their policies with respect to environmental protection, pollution control, conservation of natural resources, rural development, setting up industrial units in the backward regions, employment of the socially handicapped and weaker sections of the community, and providing relief to victims of natural calamities.

2.6 Motivations and Drivers of Responsible Business

Carroll"s idea of the four dimensions of CSR was revisited by Wood (1991). This prompted the expansion of the dimensions with issues in regards to what motivates the different ways of behaving by the organizations in such obligations, leading to the responsiveness level, the result of the performance of the organizations, or businesses

in such manner. Wood (1991) in his review categorized responsibility as a more extensive viewpoint than Carroll. Wood (1991) highlighted three main principles that explained the motivating factors of the companies towards the responsibilities. These principles are the institutional, organizational, and individual levels. At the institutional level, motivations are identified to have come about as a result of the credibility and the legitimacy of society. The organizational level motivation also referred to as the responsibility of the public, speaks of the execution of approaches that are responsive to adjust to the stakeholders of the organization. At the level of the individual, the motivation is recognized to have happened as a consequence of the individual adopting on a strategy to be capable in light of how motivated he is in person, as well as on what his interests are as an individual instead of tensions from society (Gilbert, 2008; Jamali and Mirshak, 2006). Assessments of the environment, the management of stakeholders, as well as the issues of management are the procedures of responsible behaviour identified by Wood (1991). Also, the outcome of performance as Wood indicates, include how impactful society is by the responsiveness of the businesses in their behaviour, the social programmes used in the implementation of responsible activities, as well as the policies made by the companies to aid the control by the management of issues of society in this regard and also the interest of stakeholders (Jamali and Mirshak, 2006).

2.7 CSR Reporting Approaches

According to the Global Reporting Initiative, a CSR report can be defined as: "A sustainability report is a report published by a company or organization about the economic, environmental and social impacts caused by its everyday activities. A sustainability report also presents the organization's values and governance model, and

demonstrates the link between its strategy and its commitment to a sustainable global economy." The main intention of a CSR or sustainability report is to improve the transparency of organizations' activities. On one hand, CSR reports aim to enable companies to measure the impact of their activities on the environment, on society and on the economy (the famous triple-bottom-line). In this way, companies can get accurate and insightful data which will help them improve their processes and have a more positive impact in society and in the world. On the other hand, a CSR or sustainability report also allows companies to externally communicate with their stakeholders what are their goals regarding sustainable development and CSR. This allows stakeholders such as employees, investors, media, NGOs, among other interested parties, to get to know better what are the short, medium and long-term goals of companies and make more informed decisions.

Gray et al. (1996) indicates that it is the basic means by which firms communicate their social, economic, and environmental performance to their stakeholders in the social report. According to Hinson et al. (2010), some companies communicate their CSR activities through electronic media such as the internet and television. Gao (2011) points out that firms normally report CSR activities through annual reports. This is premised on the background that an annual report forms part of the major and acceptable means by which firms communicate their activities. Also, Adams et al. (1998) found out that firms in countries like the UK, France, and Germany communicate their CSR activities through annual reports.

Some researchers demonstrate that the reporting style of CSR exercises was required at the commencement stage but currently, it is voluntary (Geoffery, 2007; Holland and Foo, 2003). There has been a discussion with respect to whether the report of CSR exercises ought to be compulsory or voluntary (Jain et al. 2015). The people who support the voluntary report of CSR exercises contend that there has been an expansion in the report of CSR exercises in 10 years after it became voluntary while those for obligatory show firms will just unveil such data to connect the legitimacy gap (Cowan and Gadenne, 2005).

2.8 Benefits of Reporting CSR Activities

Internally speaking, CSR reports are important because they allow companies to estimate the impact their operations have on the environment, society, and the economy. Through the (supposedly) detailed and meaningful data collected (or simply gathered) for the sustainability report, companies have a chance to improve their operations and to reduce operational costs. Not only do they become better prepared to optimize and reduce their energy consumption; as a result of reviewing their waste cycles product innovation strategies or circular economy opportunities can be found. When it comes to external benefits, a CSR and sustainability report can help companies engage better with their interested parties. By letting their stakeholders know about the organization's short, medium and long-term project decisions, companies can be better understood which may have positive financial outputs.

For instance, a sustainability report helps stakeholders become aware of whether a company is positively contributing to minimizing the negative impacts of an environmental hazard or that it is only focused on growing profits for its managers and investors. Reporting of CSR is seen as a tool that firms normally use to manage their

stakeholders to legitimize their operations (Gao, 2011). Research by Laine (2009) and Herdberg and Malmborg (2003) show that reporting CSR activities could be used to close the legitimacy gap. Also, reporting CSR activities serves as a means by which firms communicate their activities to their stakeholders (Golob and Bartlett, 2007). They do this to satisfy the demands of stakeholders and also influence the sentiments of powerful stakeholders (Bela and Owen, 2007). A study by Idowu and Pappasolomou (2007) in the UK shows that firms satisfy the needs of their stakeholders when they report their CSR activities. This is because the stakeholders normally demand it.

2.9 Corporate Social Responsibility and Profitability

Several studies have been made on the connection between the financial performance of firms and, their CSR exercises for the past fifty years. Some of these studies include the following; (Simpson and Kohers, 2002; Waddock and Graves, 1997; McWilliams and Siegel, 2000; Griffin and Mahon, 1997). These studies have brought about different perspectives across industries" as some say there is a positive relationship; others contend that there is a negative relationship, while one more way of thinking shows that there is no connection between the financial performance of firms and their CSR exercises.

CSR exercises improve the reputation of a firm which as a result can have a positive impact on sales despite the fact that consumption regularly increases when CSR exercises are increased. This implies that when firm increases expenditure by undertaking CSR exercises, the CSR exercises will enhance the reputation of the firm and over the long run; the financial performance of the firm will improve.

Likewise, different investigations show that there is a negative connection between CSR exercises and the financial performance of firms (Friedman, 1970). The expense related with CSR exercises will bring about no addition in economic interest. In case of high expenditure, some workers could be laid off thereby creating unemployment.

Also, different investigations have figured out that there is no connection between the financial performance of firms and their CSR exercises (Abbot and Monsen, 1979; Teoh et al. 1999; Alexander and Buchholz, 1978).

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter explains the research methodology underpinning the current study. It explains the approaches the researcher used in finding answers to the research questions. It discusses the research philosophy and paradigm, research design, the population study, and the sample size, instruments for data collection, data analysis sampling technique and explanation of variables.

3.2 Research Design

Research design is defined by Wyk (2012) as "the overall plan for connecting the conceptual research problems to the pertinent (and achievable) empirical research". According to Taylor et al. (2002), research design focuses on how data is collected and analysed. It is the process of how the research is carried out. In this research, both qualitative and quantitative procedures will be used. The qualitative data collection procedure is of non-numerical data while the quantitative data is of numerical data.

The quantitative data helps the researcher in making a critical analysis of data that can be used to approve or disapprove the hypothesis. The quantitative approach to data analysis requires a statistical analysis which makes it complex. According to Aliaga and Gunderson (2002), quantitative research methods involve the explaining of an issue or phenomenon through gathering data in numerical form and analysing with the aid of mathematical methods; in particular statistics. On the other hand (Leedy & Ormrod 2001; Williams, 2011) have explained that 'quantitative research involves the collection of data so that information can be quantified and subjected to statistical treatment to support or refute alternative knowledge claims'. Moreover, Williams (2011) remarks

that quantitative research starts with a statement of a problem, generating hypotheses or research questions, reviewing related literature, and quantitative analysis of data. Similarly Creswell (2003) and Williams (2011) state that quantitative research employs strategies of inquiry such as experiments and surveys, and collects data on predetermined instruments that yield statistical data.

A quantitative methodology used to determine whether, and to what degree, a relationship exists between two or more variables within a population (or a sample). The degree of relationships is expressed by correlation coefficients. Coefficients range from +1.00 to -1.00. Higher correlations (coefficients closer to +1.00 or -1.00) indicate stronger relationships. Positive correlations indicate that as the values associated with one variable go up, so do the values associated with the other. Negative correlations indicate that as the values associated with one variable go up, the values associated with the other go down. Buttressing this, Leedy & Ormrod (2010) remark that the correlation method of research deals with creating a relationship amid two or more variables in the same population. 'The first type of correlational design is conducted when researchers want to explore the extents to which two or more variables co-vary, that is, where changes in one variable are reflected in changes in the other (Creswell, 2008). The second type of correlational design, prediction design, is used by researchers when the purpose of the study is to predict certain outcomes in one variable from another variable that serves as the predictor. For this study, variables about CSR and bank performance were assessed through the use of correlation.

3.3 Population

The research focuses on the banking industries in Ghana more specifically banks that are listed on the Ghana Stock Exchange (GSE). The choice of the population is suitable as it helps address some of the gaps in research conducted by other researchers. The population is suitable given the limited time for the research to be conducted. The banking industry is chosen as the population because in the literature most CSR research areas use other sectors as the case study and that much work has not been done using banks as a case. This study is helpful and important to use banks as the case study because of the role banks play in economic development.

3.4 Sample and Sampling Technique

Sampling is the mathematical method of choosing a subset of a population of interest in order to draw assumptions and inferences about that population (Bharttacherjee, 2012). "By sampling, the basic aim of the researcher is to observe and study the small connection of unit from a much larger unit or population in such a way that the researcher can observe and study the smaller number and give a feasible conclusion about the larger group" (Creswell, 2013). Convenient sampling was used because it allows the researcher to select the years with data that are accurate and convincing. The study sample used all banks listed on the GSE.

3.5 Data Collection and Analysis

Data are characteristics or knowledge obtained through observation (Schutt, 2006). In a more formal context, data is a collection of values of qualitative or quantitative variables for one or more entities or objects, whereas a datum (data singular) is a single value of a single variable (O'Sullivan & Rassel, 1999; Schutt, 2006). Research data was

collected from the financial reports of the banks involved in the study. The data collected was arranged in excel with Return on Asset (RoA) and Return on Equity (RoE) as a measure of performance, which was also the dependent variable and expenditure on CSR as an independent variable (variable of interest) and some other control variables such as size of bank, capital adequacy ratio will also be added to the variables. The data from the financial report will be quantitative and the period is from 2011 to 2020. The quantitative data will be analysed using STATA and the analysis will show the descriptive summary of the variables, correlation, and regressions which will help establish the link between CSR expenditure or cost and performance of the bank.

Secondary data which is mixed in nature (quantitative and qualitative) was mainly used in this study. Secondary data refers to data obtained on established government or institutional websites or databases by anyone other than the user and usually readily accessible. This varies from primary data, which the investigator typically collects through questionnaire administrations or interviews in the course of performing the study (O'Sullivan & Rassel, 1999; Schutt, 2006). Quantitative data contains data that comes in number and figure forms and is usually calibrated, collected, documented, evaluated, visualised using graphs, charts, or other analytical methods. On the other hand, qualitative data refers to data that often comes in the configurations of texts, photographs, or other non-numeric formats (O'Sullivan & Rassel, 1999; Schutt, 2006)

All the secondary, qualitative data utilised in this research were gathered from journal articles, books, theses, and other online publications, and mostly came in text formats. The secondary, quantitative data, in particular the dependent variable (financial performance) proxies of ROA and ROE, and the independent variable (CSR), and the

firm-specific control variables were all obtained from the websites of the listed banks, and the banks' annual and sustainability reports. The data on the macroeconomic variables were retrieved from the Ghana Statistical Services (GSS), Ministry of Finance (MoF), and Bank of Ghana (BoG) websites.

3.6 Model Specification

The purpose of this research was to ascertain whether expenditure towards corporate social responsibilities could impact on the financial performance of banks. The panel data technique is employed in this research to establish the relationship. The panel data technique has been proven to be better over the years, more convincing and also ensures accuracy when it comes to the outcome/findings of the research as compared to the cross-sectional and time-series approaches which are largely attributable to the technique's ability to combine the advantages of the time series and the cross-sectional approach and also able to reduce the challenges of the cross sectional and time-series approaches.

$$\gamma_{it} = \beta_0 + \sum_{j=i}^{m} \beta_j \times_{ijt} + \varepsilon_{it}$$

Where γ_{it} = the dependent variable which is performance

β_0 = Global constant

$\times_{it}$ = Another independent variable

λ_t = Time fixed effect

ε_{it} = Error term

α_{it}= Represents the variables which vary across time and entity

3.7 Variable Selection and Justification (Dependent Variable)

3.7.1 Return on Asset (RoA)

Return on Assets is an accounting measurement that indicates how profitable an entity has been compared to its overall assets. It thus offers a plan on how efficiently bank administrators have been able to deploy their resources to generate earnings. It is calculated by dividing an entity's net earnings at the end of a trading period by its overall assets. The method for Return on Assets is Net Income/Net overall Assets. This variable has been selected and relied on the accessibility of data on its component. Also, since the research inquires to ascertain the impact of diversification on banks‟ profits, this variable was deemed more appropriate largely because it is a more convincing measurement of profitability. This study will employ RoA as a measurement for profitability. Besides, RoA is used because a measurement such as Return on Equity ignores the threats that come along employing upper leverage and also because financial leverage is most of the time brought about by regulation which therefore makes Return on Assets a better and convincing assessment of the profitability of banks (Athanasoglou, 2008).

3.7.2 Return on Equity (RoE)

Return on Equity is estimated as earnings before interest and taxes divided by shareholders‟ funds. This is an alternative measure to return on assets. It shows the earnings each equity unit brings in as earnings. According to Velnampy (2013), return on equity is a performance proxy for manufacturing firms since it estimates the earnings made available by deploying equity to production, distribution and sales. Several firm-specific, corporate governance and macroeconomic variables affect the return on equity of manufacturing firms in Ghana. It is expected that a larger board size makes better

decisions with regards to the operations of the firm and hence makes more earnings with the shareholders‟ equity than otherwise. Also, high inflation in the economy poses threats to the return on equity as the general prices level increases and the cost of production becomes exorbitant causing the company to either reduce production or charge higher prices thereby losing return on equity. A firm-specific variable such as firm size also affects the return on equity as a larger firm sized manufacturing firm can either bring in a higher return on equity or lesser. Given the above, each variable identified may affect the return on equity as a performance proxy.

3.8 Variable Selection (Independent Variable)

3.8.1 Corporate Social Responsibility (CSR)

Corporate Social Responsibility is essentially about how firms inculcate social and environmental concerns into their business strategy and operations. Corporate social responsibility (which in this study is measured by the expenditure on CSR activities is the variable of interest in this study. The measurement of CSR has been a difficult task mainly because of the challenge of definition experienced by many academicians in measuring CSR (Mellahi et al. 2016; Frynas and Stephens, 2015). For instance, the study by Mellahi et al. (2016) shows 36 different matrices being employed in the assessment of CSR which ranged from philanthropic activities to ethics as well as safety issues and also to more composite measures evaluated by external rating agencies like KLD Research & Analytics, Inc. Taking into account the above assertion, it is obvious that CSR as a concept means different things to different classes of people as well as at different times (Campbell, 2007; Frynas and Stephens,2015). This study, therefore, views CSR as an umbrella that consists of a variety of concepts as well as practices that have inhibited the concept from having a comprehensive measure (Frynas and

Stephens, 2015). CSR for this study will consider the total financial expenditure on corporate social responsibility in assessing its impact on the financial performance of the oil firm. The study expects either a negative or positive relationship between CSR and financial performance.

3.8.2 Bank Size

It can be noted that many related elements influence banks" profits and most times they are linked to the size of the bank (Dermiguc-Kunt & Huizinga, 1999). Banks differ in so manyrespects when it comes to their operations and this might be viewed with costs, services, and offered products as well as risk diversification based on their sizes. It is important to state that as far as the theory of economies of scale is concerned, there lives a good connection involving the size of the bank and returns. The large banking institutions most often come with resources that are better when it comes to their quantity and quality. Banks that have more resources are better placed when it comes to the financing of investment projects to generate higher income as well as obtaining modern technology for working which minimizes operating costs (Rozzani and Rahman, 2013). Also, as reported by Short (1979), large banks often tend to have access to funding which comes at a lesser cost. This variable is therefore selected since the ability of the bank to also undertake diversification will largely depend on the availability of resources or its asset base. Bank size is integrated into the failure to manage any systematic differences in profitability across classes (Stiroh and Rumble, 2006; Estes, 2014). The study anticipates a good connection involved in the profitability and size of the bank.

3.8.3 Capital Adequacy

In the regression model, CA stands for Capital Adequacy and can be explained as the adequacy of the total of shares to take care of any upsets that banks can be faced with as well as it is calculated as the proportion of shares to overall assets. Kosmidou (2008) posited that the increase in share assets proportion, the decrease in the requirement for banks to seek outside financial support, hence, it is potential for increasing banks' profitability level. More so, wellcapitalized banks have the financial muscles to go into other non-traditional activities and they also face the lesser threat of going insolvent which eventually minimizes its funding costs. This study thus expects that the ratio of capital adequacy of the banks will have an impact on their level of profitability hence its inclusion in the model. The research work anticipates either negative or positive correlation among capital adequacy cum profitability.

3.8.4 Inflation

Inflation is a macroeconomic variable that represents the percentage change in aggregate price levels over some time and has the propensity to affect the costs or revenue of the banks. According to Perry (1992), the inflationary impact on bank's profitability is largely relied on if the inflation is expected or unexpected. The variable INF in the model is thus employed as the proxy for the percentage change in price levels over some time. Also, Staikouras et al. (2003) established that inflation as a variable could have a direct or indirect impact on banks‟ profitability. As stated earlier, once inflation is expected, interest rates are modifying appropriately to result in higher revenue as against lower costs which have a good effect on banks profitability and inside a situation which inflation is not anticipated it leads to higher costs as against lower revenue which eventually has an inverse relationship on the profitability of banks.

The research work, therefore, employs the variable due to its ability to affect the bank's returns and positive or negative connection is anticipated among returns and inflation.

Table 3.1: Summary of Variables

Classification	Description	Expectations
Dependent Variable:		
Return on Asset	Net Profit/Total Assets	N/A
Return on Equity	Net Profit/Total Equity	N/A
Independent Variables:		
Corporate Social Responsibility (CSR)	Log of Donation	-/+
Corporate Social Responsibility (CSR)		
Control Variables:		
Bank Size (BKS)	Log of Total Assets	+
Efficiency (EFF)	The ratio of costs of operations divided by the total revenue	-
Capital Adequacy (CAP)	Equity/Total Assets	+/-
Inflation (INF)	Annual Consumer Price Inflation	+/-
Money supply to GDP (M2GDP)	Annual GDP Growth Rate	+/-

3.9 Data Reliability and Validity

The validity is defined as the extent to which the measuring instrument measures what it is supposed to measure (Saunders *et al.*, 2012). To ensure validity of the research instrument, the data was extracted from the annual reports of the listed banks and was reviewed by expects in terms of its content and construct. To further ensure validity of the instrument, 10 samples of the financial statements were pre-tested. Pre-testing refers to a procedure that involves a trial run with a group of respondents to iron out fundamental problems in the survey design (Zikmund & Babin, 2007). Any inconsistencies in the questionnaire were corrected before fully scale data collection. Cronbach's alpha coefficient was used to measure the reliability of the items (Chronbach, 1951). The coefficient varies from zero for no reliability to one for maximum reliability. If the value of this coefficient is 0.70 and above, the scales are judged to be reliable (Sousa, Galante&Figueiredo, 2006).

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.0 Introduction

This chapter provides an analysis of the findings of the study on the effect of CSR on financial performance and further discusses the comparative study between listed and non-listed banks. The discussion in the chapter encompasses the summary of all the variables that were used in the study as well as the correlation matrix and the regression results.

4.1 Descriptive Statistics

This section provides a statistical summary of both dependent and independent variables of the various banks listed on the Ghana Stock Exchange and show the features of the variables in the model. The major descriptive measures are the mean, standard deviation, the minimum value, and maximum value of the variables over the period under review. The table below gives the descriptive and statistical summary of each variable used to measure the impact of corporate social responsibility on the financial performance of banks listed on the Ghana Stock Exchange (GSE) from 2011 to 2020.

The variable RoA being the dependent variable and representing the financial performance measurement of banks has a mean of 0.033 with the observed sample for this study. It also has a standard deviation of 0.017 and a minimum and maximum value of 0.002 and 0.07 respectively. Also, the return on equity is an alternative measure of financial performance in this study. The variable recorded an average of 0.228 and a standard error of 0.119 with its minimum and maximum figures being 0.009 and 0.556

respectively. For the independent variable, corporate social responsibility recorded an average of 5.155 with a standard deviation of 1.268 and the minimum and maximum value to be 2.348 and 7.112 respectively. Banks size has a mean of 6.613 with a standard deviation of 0.464 and the Min and Max value to be 5.447 and 8.769 respectively. Capital adequacy is another variable under consideration, which has a mean of 0.158 and a standard deviation of 0.096. The Min and Max value for capital adequacy variables are 0.069 and 0.787 respectively. The average value for efficiency is 0.742 and the standard deviation of 6.523 with a Min and Max value of -0.096 and 1.1566 respectively. Another variable, inflation has a mean value of 8.57 and a standard deviation of 1.689 and a Min and Max value of 6.6 and 11.5. The last variable to be considered is the money supply to GDP, which has a mean of 2.827 and a standard error of 0.395 with a Min and Max values of 2.17 and 3.7 respectively.

The average ROA of Ghanaian listed banks was 0.033 whilst that of ROE was 0.228. The results imply that Ghanaian listed banks have been making less than average ROA (just 3.3%). ROE, on the other hand, is 0.228 (2.28%) that Ghanaian listed banks' operations over the period 2011 to 2022 had been increasing shareholders' wealth annually.

Moreover, ROA values of Ghanaian listed banks ranged between a minimum value of -0.002 and a maximum value of 0.07 between 2011 and 2020 whereas that of ROE ranged between a minimum of 0.009 and a maximum of 0.556. The low positive value of ROE requires some interpretation. A company's Return on Equity (ROE) is its net income divided by its shareholder's equity. The shareholder's equity is the difference between total assets and total liabilities. An ROE with an absolute value of over 100%

will occur when the net income is greater than the equity. This might happen for a variety of reasons, but one way a high ROE happens is if the shareholder's equity (the divisor) is small, which can occur if past losses have eroded the company's capital (the originally invested cash and retained earnings) and the latter seems to be the more plausible. Hence, it seems that Ghanaian listed banks have been providing little returns to their shareholders and it seems that shareholder wealth is, to a little extent, being eroded, instead of being maximised. To that extent, it seems that the agency theory is being confirmed in Ghana.

Table 4.1 Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
Roa	80	.033	.017	.002	.070
Roe	80	.228	.119	.009	.556
Csr	80	5.155	1.268	2.348	7.112
Bks	80	6.613	.464	5.447	8.769
Eff	80	.742	.889	.096	6.523
Cap	80	.158	.096	.069	.787
m2gdp	80	2.827	.395	2.170	3.700
Inf	80	8.570	1.689	6.600	11.500

Source: Authors computation 2022: RoA means Return on Assets, RoE represents Return on Equity, bks means bank size, cap stands for capital adequacy, eff represents efficiency, m2gdpg represents money supply to GDP and inf represents inflation.

4.2 Correlation Matrix

The correlation coefficient shows the index of both the magnitude and direction of the relationship that exists between any two sets of variables without implying causality. The absolute values of the coefficient indexes represent the magnitude of the relationship between the variables while the sign (positive or negative) represents the direction of the relationship between the variables. The concept of multicollinearity is

tested using the correlation matrix to identify the independent variables that are highly correlated with each other. This study employs the Pearson Correlation to identify the correlation and multicollinearity. The Pearson Correlation is useful in explaining the relation between performance (return on assets or equity) and corporate social responsibility. It also tests and identifies multicollinearity that may exist between any of the CSR explanatory variables that were included in the study.

Berry and Feldman (1985) maintained a stand that the threshold for considering multicollinearity should not exceed 0.8. This means that if the correlation between any two variables exceeds 0.8 then there exists multicollinearity. Besides, Smith et al. (2009) suggested that if any variable has a Variance Inflation Factor (VIF) greater than ten (10), it should be excluded from the empirical model. If any pair of variables has a VIF of less than ten (10) but multi-collinear, the variable with the highest VIF must be dropped. Given this fact, the research VIF for this research has no value higher than 10 and thus satisfy to the first condition as suggested by Smith (2009) and thus all the variables must be included in the empirical model. All the variables satisfy the second condition because all the variance inflation factors are less than 10 and do not exceed the threshold for the multicollinearity of 0.8. Therefore, the entire variable must be considered for this research. From table 4.2 below, money supply to GDP and bank size were negatively correlated with a value of -0.089, it is not multicollinear because the correlation coefficient is not greater than 0.8 per Berry and Feldman (1985) which is our benchmark for this study.

Table 4.2 Correlation Matrix

Variables	Roa	Roe	csr	bks	eff	cap	m2gdp	inf
Roa	1.000							
Roe	0.839	1.000						
Csr	0.071	0.046	1.000					
Bks	-0.108	-0.033	0.067	1.000				
Eff	-0.274	-0.273	-0.049	-0.109	1.000			
Cap	0.138	-0.271	0.024	-0.262	0.062	1.000		
m2gdp	0.198	0.209	-0.044	-0.089	-0.117	0.198	1.000	
Inf	0.345	0.321	-0.020	-0.096	-0.196	0.153	0.861	1.000

Source: Authors computation 2022: RoA means Return on Assets, RoE represents Return on Equity, bks means bank size, cap stands for capital adequacy, eff represents efficiency, m2gdpg represents money supply to GDP and inf represents inflation.

4.3 Regression Results from Ordinary Least Squares

The Ordinary Least Square (OLS) estimation strategy was used for the study. The OLS reduces the sum of squares of the variations across the explained variables to provide for the parameters of the function of the independent variables. This is observed as the distances of the sum of squares, which are parallel to the dependent variable axis resting in the middle of each point in the regression, geometrically. Assumptions that make the OLS appropriate for this study include, the data is normally distributed and this is reported in the appendix, table 2 and normal distribution graphs for the individual variables are also presented in the appendix showing that the variables are normally distributed. There is no problem of multicollinearity base on the correlation result.

Table 4.3 Regression Results: Return on Assets

Roa	Coef.	St.Err.	t-value	p-value	[95% Conf	Interval]	Sig
Csr	.001	.001	0.570	.570	-.002	.004	
Bks	-.003	.004	-0.760	.447	-.011	.005	
Eff	-.004	.002	-1.990	.051	-.008	0	*
Cap	.019	.019	1.000	.322	-.019	.057	
m2gdp	-.016	.009	-1.770	.081	-.033	.002	*
Inf	.006	.002	2.860	.006	.002	.010	***
Constant	.042	.031	1.360	.177	-.019	.104	

Mean dependent var	0.033	SD dependent var	0.017
R-squared	0.219	Number of obs	80
F-test	3.414	Prob > F	0.005
Akaike crit. (AIC)	-433.647	Bayesian crit. (BIC)	-416.973

*** *p<.01,* ** *p<.05,* * *p<.1*

Source: Authors computation 2022: Significance level: 1% (***), 5% (**), 10% (*); RoA means Return on Assets, RoE represents Return on Equity, bks means bank size, cap stands for capital adequacy, eff represents efficiency, m2gdpg represents money supply to GDP and inf represents inflation.

Table 4.4 Regression Results: Return on Equity

Roe	Coef.	St.Err.	t-value	p-value	[95% Conf	Interval]	Sig
Csr	.005	.009	0.540	.590	-.014	.024	
Bks	-.029	.027	-1.080	.284	-.083	.025	
Eff	-.026	.014	-1.840	.070	-.053	.002	*
Cap	-.409	.132	-3.110	.003	-.672	-.147	***
m2gdp	-.041	.060	-0.680	.500	-.161	.079	
Inf	.031	.014	2.190	.032	.003	.059	**
Constant	.328	.213	1.540	.127	-.096	.751	

Mean dependent var	0.228	SD dependent var	0.119
R-squared	0.262	Number of obs	80
F-test	4.312	Prob > F	0.001
Akaike crit. (AIC)	-124.916	Bayesian crit. (BIC)	-108.242

*** *p<.01,* ** *p<.05,* * *p<.1*

Source: Authors computation 2022: Significance level: 1% (***), 5% (**), 10% (*); RoA means Return on Assets, RoE represents Return on Equity, bks means bank size, cap stands for capital adequacy, eff represents efficiency, m2gdpg represents money supply to GDP and inf represents inflation.

4.4 Discussion of Findings

The summary statistics for the regression analysis demonstrating the impact of CSR on banks financial performance were reported in Table 4.3 The R^2 value in the table above is 21.9% indicates how much of the dependent variable can be explained by the independent variable is indicated by the R^2 value (CSR). This study's findings have a moderate level of explanation (21.9%).By R^2 value of 21.9% we mean that most variables of the impacts of CSR on banks financial performance are explained by the independent variables under investigation. As a result, additional research should be done to look at these other effects of CSR on banks financial performance since it is clear that the other variables not looked at in this study were responsible for a significant amount (78.1%). F-statistics is 3.414 with a p-value of 0.570 greater than 0.05. As a result, at least one of the explanatory factors has a considerable impact on investment decisions.

According to the outcomes of the multiple regression analysis, the predictor variables, CSR, explain for 57.0% of the variation in the dependent variable. Additionally, when taking into account the overall impact of every element of the impact of CSR on banks financial performance, the findings revealed that each of that independent variable had a significant impact, as indicated by the F-statistic of 3.414. The estimated effect of banks on the impact of the control variables was with a p-value of 0.447> 0.05. This indicates that the bank-related coefficient for the respondents was negligible. Additionally, the efficiency effect was calculated and had a p-value of 0.051> 0.05.Thus, efficiency and bank financial performance are a bit related, unlike banks, capital adequacy, inflation and money supply to GDP..

Additionally, the study found that CSR positively impacted the banks financial performance with co-efficient 0.001 which is less than 0.05. This indicates that the high the quality and true and fair view of CSR taken by the listed banks the higher financial performance is made by banks. The link between CSR and financial performance is a much-studied subject. This study sought to also explore the subject much further using banks listed on the GSE to contribute to the empirical literature. The main question of this study is what is the impact of corporate social responsibility on the financial performance of Ghanaian listed banks? In particular, the study sought to provide answers to the following additional questions;

i. What is the overall effect of CSR on listed banks financial performance in Ghana?
ii. What kinds of relationship exist between listed banks and CSR in Ghana?
iii. What is the nature and dimension of CSR activities undertaken by listed banks in Ghana?

The following findings were made concerning the research questions.

4.4.1 Main Research Question

The main question of this study is what is the impact of corporate social responsibility on the financial performance of Ghanaian listed banks? The findings emerging from the analysis reveals that CSR has different impacts on financial performance. Specifically, CSR exerts an insignificant positive impact on ROA and a significant positive effect on ROE. These findings require a brief explanation. First, an insignificant positive impact of CSR on ROA means that Ghanaian listed firms' overall engagements and investments in CSR activities could stimulate insignificant rises in returns on assets. The finding of an insignificant positive link between CSR and

financial performance is consistent with the majority of the previous theoretical and empirical literature (e.g. Pan et al., 2014 and Simpson and Kohers, 2002).

Although this study's goal wasn't to test specific CSR-financial performance theories, the finding of a positive connection between CSR and financial performance might be consistent with some of the previous theoretical explanations. . From the management skill theory school of thought, firms' engagements in CSR is a proxy for management skills that results in comparable firm performance in other areas hence a positive CSR-financial performance connection reflects the social and environmental performance levels of the executive management of firms.

Also this study finds a positive nonsignificant impact of CSR on ROE and this result is not consistent with some previous works (e.g. Dewi, 2014; Abdulrazaq, 2020; Hussein, 2018; Khaled, 2018; Julius, 2016). A positive impact of CSR on ROE seems to oppose the early arguments of Friedman who asserted that firm engagement in CSR was tantamount to the erosion of shareholders' wealth and that businesses had no other social responsibility than to make as much profit as possible (Friedman, 1962). Other theoretical perspectives that might accentuate Friedman's thinking and confirm this study's findings include the trade-off theory. According to the trade-off theory, firms have to choose, either invest in CSR projects or focus on ones with direct financial consequences. Firms that invest in CSR are at a competitive disadvantage compared to firms that chose not to (Friedman, 1970; McGuire et al., 1988) but this study oppose that as there is a positive relationship between CSR and ROE.

So it seems, based on this study's finding that the wealth of shareholders of Ghanaian listed banks is being mismanaged and depleted by managers is false. This implies that shareholders of Ghanaian listed banks might become 'richer' should they continue to invest in the shares floated by Ghanaian listed banks. ROE is a measure of the returns shareholders earn on their invested capital. A positive impact of CSR on ROE therefore, implies that shareholders are not only getting their capital, but also are getting a significant increase or growth in their capital/wealth.

In all, it seems that there is some confirmation of the agency theory and managerial opportunism hypothesis. This is because a positive effect of CSR on ROA could be argued as representing managers' opportunistic tendencies of investing in CSR projects that would maximise asset returns since this might benefit these managers the more. On the contrary, should there be a negative CSR effect on ROE then it implies that CSR projects that managers of Ghanaian banks invest in are not the ones that would normally result in shareholder wealth maximisation. From a managerial opportunism perspective, managers with a short-term outlook, for example, due to remuneration plans, will attempt to cash in when performing well financially. When not performing well, managers will attempt to mask this by investing heavily in CSR (O'Bannon & Preston, 1997).

4.4.2 Specific Research Questions

The first specific research question pursued in this study was;

4.4.2.1 What is the overall effect of CSR on listed banks financial performance in Ghana?

The results indicate that overall, CSR exerts different effects on financial performance and this seems to depend on the measure of financial performance used. For ROA, the

effect of CSR is positive and insignificant and also for ROE, the effect is positively significant. In essence, the finding of a positive effect of CSR on financial performance depending on the financial performance proxy used makes this study's finding disagree with previous studies that found a neutral CSR-financial performance link (e.g. Hermawana & Mulyawanb, 2014; Mansaray et al., 2017; Marfo et al., 2015; Oppong, 2014; Chetty et al., 2015; Johansson et al., 2015; Bråtenius & Melin, 2015; Ioannou & Serafeim, n.d).

Moreover, this study's finding of an insignificant positive CSR effect on ROA and a significant positive impact on ROE simply indicates that the market outcomes of CSR are still inconclusive as has been pointed out by Lee (2008), Valor (2008), and Vogel (2005). According to them (Lee, 2008; Valor, 2008; & Vogel, 2005), there has been empirical evidence to show that the market outcomes of CSR are still inconclusive. There is much research on how the strategic adoption of CSR could lead to financial rewards in the long run (Lee, 2008).

Smith (2005) states that equal employment opportunity policies as a form of CSR activity enhance long-term shareholder value, with a positive impact on cost and structures. CSR activities that are geared towards the natural environment help to achieve cost and risk reductions. In this case, initial investments tend to pay off over time, thanks to cost savings from better and more rational management of natural resources, lower litigation expenditure and lower insurance costs (Miles & Covin, 2000; Porter & Van der Linde, 1995).

Furthermore, Hayek (1969) argued that whenever companies get involved in CSR activities, it takes away the primary purpose of the company profit maximisation as issues concerning society are not related to the ultimate goal of companies. This means that CSR activities impose unequal costs among competitors. The argument here is that, on a global scale, if a business gets involved in CSR activities, it will not be able to compete on the same level compared with rivalry companies which mainly focus on their primary business activities (Davis, 1973; Friedman, 1962).

4.4.2.2 What is the nature and dimension of CSR activities undertaken by listed banks in Ghana?

Concerning customer satisfaction, research has confirmed that CSR is critical in the quality of products and services offered (Battaglia et al., 2014). Nicholls (2002), who emphasised the relevance of a growing market for fair trade products in the United Kingdom, showed a positive relationship between customer satisfaction and CSR. Again, evidence of a positive relationship has been shown by Manaktola and Jauhari (2007), who highlighted the significance of increasing awareness among consumers concerning corporate engagement in CSR activities. Few studies have been done, as to whether the performance of employees on CSR towards government enhances job performance or not. Shen and Zhu (2010) found a positive relationship between the perception of employees and the extent to which their organizations legally comply with rules and regulations. This study was conducted among Chinese employees. However, Turker (2009) found no relationship between the perception of employees on CSR towards government and organizational commitment. This shows that employees in China prefer CSR activities that correspond to the legal requirement. This could be a result of the recent malpractices that have occurred in China due to bribery and corruption, environmental pollution, and the basic right of employees (Lin, 2010).

According to Turker (2009), CSR towards employees could be seen in situations like flexible job assignments, career development, and remuneration. By taking into consideration the care rendered to the employees is likely to bring about a good reputation to the organization. This can also bring about risk in making decisions (Cormier and Magnan, 2007), although most findings show that the perceptions of employees on CSR have a very good effect on job performance. Provision of CSR activities to ensure that the environment is protected, encouraging sustainable growth and enhancing the socio-economic conditions of the people within a society (Turker, 2009). Concerning social identity theory, firms that normally forgo their profit for the benefit of society have a higher reputation. In such a situation, employees are willing to work with an organization of such a fort and the organization becomes much known and gains organizational identification. The organizational identity will motivate employees to work and even take risky decisions which in the long run will enhance productivity. Rupp et al. (2013) found out that there is a strong correlation between the perceptions of employees towards society.

4.4.2.3 What kinds of relationship exist between listed banks and CSR in Ghana?

From table 4.3 and 4.4 reveals that corporate social responsibility has positive but insignificantly related to return on asset. This may imply that acknowledgement of the CSR agenda does not necessarily increase company value and promote business growth. Although, some scholars have reported a positive nexus between CSR and performance and have explained that, for example, a firm perceived as high in social responsibility may face relatively few labour problems, and customers may be favourably disposed to its products. Socially responsible activities may also improve a firm's standing with governments, investors, and a community which may bring some

economic benefit to the firms as argued by Pan, Sha, Zhang, and Ke (2014) and Simpson and Kohers (2002).

Corporate social responsibility is found to be positive and significantly related to return on equity at a significant level of 1%. RoE describes management's ability to manage shareholders‟ funds to make a profit (Dewi, 2014). CSR having a positive relationship with performance (RoE) implies that an increase in CSR expenditure would cause an increase in RoE. That suggests that certain actions (classified as socially responsible) if tend to be negatively correlated with the financial performance of firms, then managers might be advised to be cautious in this area. Also, some studies that suggested a negative relationship between social responsibility and financial performance have argued that high responsibility results in additional costs that put a firm at an economic disadvantage compared to other less socially responsible firms. These added costs may result from actions like making extensive charitable contributions and promoting community development plans. Also, concern for social responsibility may limit a firm's strategic alternative plans. For example, a firm may forgo certain product lines, which would have generated additional revenue to undertake a project which may not bring direct benefits to the firm. This result conforms to that of Bashir, Garba, and Abdulrazaq (2020); Hussein (2018); Khaled (2018); Julius (2016) whose findings also resulted in CSR having a negative relationship with RoE.

Bank size is negatively related to both return on assets and return on equity at 1% significant level. The findings made in this regard suggest that large banks do not enjoy economies of scale in the sense that there is ability in increasing costs related to production leading to decrease in profit made. This finding opposes the findings of

Adam (2014) who concluded that there is a significant and positive relationship between bank size and performance. It can be seen that capital adequacy ratio is positively related to RoA and negatively RoE. Capital adequacy ratio is measured as the Ratio of Equity to total assets. This represents the relative position of the firm‟s equity to its total asset. Generally, a bank with a higher capital adequacy ratio has a better cushion against risk. Higher ratio means the banks‟ asset composition is largely financed by its owners and this will reduce the amount of money paid to either depositors or firms‟ creditors thereby increasing the firm's net return which therefore boosts the firm's return on assets. An increase in the ratio, therefore, helps banks to increase the relative returns that are attributable to the firm in general as the liability of the firm reduces given an increase in the ratio. This finding is in support of the findings by Bateni, Vakilifard, and Asghari (2014). Efficiency is gegatively related to RoA at a significant level of 1% and if the management of the banks does not effectively and efficiently utilizes their resources, it would lead to a negative impact on their performance (RoA). The findings of the research correspond with Kosmidou et al. (2006); Sufian and Habibullah (2009); Dietrich and Wanzenried (2011) also found a positive nexus between efficiency and profitability (RoA). CSR is positively related to RoE at a significant level of 5%. This implies that anytime the efficiency ratio increases, it increases the bank's profitability. Inflation which is one of the macroeconomic variables was found to be insignificantly related to the performance variables. However, the findings report positive associations for both RoA and RoE respectively.

The money supply to GDP was found to be significantly related to the performance variables. However, the findings report a negative association for both RoA and RoE respectively. This may be because anytime the money supply is increased, customers of these banks can save less causing the banks to get less deposit to give out as loans

and also, invest in other investments leading to an increase in bank's profit. This finding corresponds to the findings of Al-Qudah and Jaradat (2013); Iriani and Yuliadi (2015); Ariff and Rosly (2011); Ali, Maamor, Yaacob, Gill 2018) all found a significant positive relationship between money supply (M2) and financial performance.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter of the study gives the summary of the research, makes conclusions based on the findings, and finally recommend some directions or suggestion for the benefit of the future and policy implementations. In addition, the study highlights some limitations of the study and suggests some areas to focus on in future studies.

5.1 Summary

The link between Corporate Social Responsibility and financial performance is a much-studied area. This thesis investigated the impact of corporate social responsibility (CSR) and financial performance of banks listed on the Ghana Stock Exchange (GSE). Variables considered include corporate social responsibility (using expenditure on donations as proxy), bank size, capital adequacy, efficiency, inflation, and money supply to GDP. The performance variables are returned on assets and return on equity. The study used annual frequency data that spanned from 2011 to 2020 using a panel regression model with Ordinary Least Square estimation technique. Bank-level data were collected from their annual reports while macroeconomic data were collected from the Ghana Statistical Service.

The CSR variable which was the variable of interest in this study was found to be positively related to RoA but not significant whereas this same variable was positive and significantly related to RoE. The positive nexus between CSR and RoE suggests that high responsibility results in additional costs that put a firm at an economic advantage compared to other less socially responsible firms. Bank size, efficiency, and

money supply to GDP are all negatively related to return on asset. Except for inflation and capital adequacy were positively related to ROA. This suggests that banks with large asset size do not necessarily mean that they enjoy some level of the economics of scale. Also, with the capital adequacy ratio, a bank with a higher capital adequacy ratio has a better cushion against risk. Then again, the positive nexus between efficiency and RoA has got to do with the efficient and effective utilization of bank resources by management which is expected to improve performance.

However, the size of the bank, capital adequacy, efficiency and money supply to GDP were found to be negatively related to return on equity. Inflation was positively related to return on equity. The study adopted the ontological position of constructionism, multiple epistemological positions namely, realism, positivism, and pragmatism as its main philosophical foundations. By applying descriptive statistics, and various inferential statistics based on the fixed-effects and random-effects panel data analysis methods, the study found answers to its research questions.

5.2 Conclusions

Several conclusions are drawn based on this study's findings. Firstly, on the basis of the obtained results it can be concluded that CSR has a greater influence on the receiving profit of banks than making a profit for the implementation of social initiatives. This again allows confirming the conclusion that CSR is a business strategy and is able to bring real benefits to banks.

Secondly, The study found a positive relationship between CSR practices and the financial performance of listed banks and recommends that firms invest more in ethical, charitable, and gender-mainstreaming CSR activities, as such activities positively

influence their financial performance. CSR exerts an insignificant positive impact on ROA and a significant positive effect on ROE. CSR exerts different effects on financial performance and this seems to depend on the measure of financial performance used. For ROA, the effect of CSR is positive and insignificant but for ROE, the effect is positively significant. Large bank size could increase banks return on asset and return on equity because large banks enjoy economies of scale in the sense that there is the ability in cutting down costs related to production leading to growth in profit made and also, an increase in diversification by sizeable banks has the possibility of helping reduce the bank's exposure to risk which will, in turn, improve profitability.

Also, capital adequacy has a positive association with RoA and a negative association with RoE. This may be because a bank with a higher capital adequacy ratio has a better cushion against risk. Higher ratio means the banks' asset composition is largely financed by its owners and this will reduce the amount of money paid to either depositors or firms' creditors thereby increasing the firms‟ net return which therefore boosts the firm's return on assets. Efficiency, on the other hand, was negatively related to RoA and RoE. Inflation was positively related to RoA and RoE. The money supply to gross domestic products also had a negative nexus with RoA and RoE. This is a result of customers decreasing savings as money supply decreasing and banks get less deposit to give out as loans and also, invest in other investments leading to an increase in bank's profit.

Finally, it can be concluded that when banks increase the awareness among consumers concerning corporate engagement in CSR activities, it affects their performance positively. Also provision of CSR activities to ensure that the environment is protected,

encouraging sustainable growth and enhancing the socio-economic conditions of the people within a society affects the performance of banks positively.

5.3 Recommendations

The results indicate the need for banks listed on the Ghana Stock Exchange to be keen on some variables as they could influence financial performance either positively or negatively. The following recommendations are made to the respective stakeholders as follows;

5.3.1 Shareholders and Management of Listed Banks

Since CSR exerts an insignificant positive impact on ROA and a significant positive effect on ROE, the Management of listed banks are though encouraged but are also cautioned when engaging in CSR to boost ROA, and also ensure that their CSR investments are strategic enough to also maintain the positive effect of ROE to boost shareholder wealth as well. Since CSR seems to erode shareholders' wealth through its negative effect on ROE, shareholders of Ghanaian listed banks should increase their monitoring mechanisms from a corporate governance perspective to make sure they can properly align the interests of the managers with their own (shareholders') interests. This might mean making the management of listed banks more accountable and also setting some ROE performance targets for the management and attaching certain incentives to it to motivate high performing Managements. Banks should be cautious in undertaking activities that are deemed to be socially responsible yet the cost the activities bring to the bank may be more than expected.

5.3.2 The Government and Bank of Ghana

Firstly, the impact of the money supply is significantly negative on ROA and ROE. This means that the BoG has not been doing a good job of allowing the 'right quantity of broad money' to circulate in the economy to the extent that it is not helping the financial performance of firms positively. However, the BoG may have to extra cautious on the amount of money it supplies to customers in other to avoid inflation. The inflation rate is positively nonsignificant on ROA, a fair finding, and positively nonsignificant on ROE, a desirable finding. In these regards, the BoG needs to work harder with regards to its inflation targeting regimes to make sure it achieves the inflationary level that would substantially enhance ROA and ROE of listed banks.

5.4 Limitations of the Study

This study had the following limitations;

5.4.1 Research Design Limitations

Because the study's design was non-experimental, the observed effects of CSR and the control variables on the financial performance measures need to be understood only in terms of statistical correlation, not an actual cause-and-effect relationship, something that can only be achieved when the more robust experimental design, which was inapplicable in this study, any case, is applied.

5.4.2 Scope Limitations

Theoretically, this study was limited to systems theory thinking and failed to test CSR-financial performance theories. Hence, the observed effects of CSR on financial performance should be seen only as direct effects as this study did not consider the mediating roles of other variables on the CSR-financial performance nexus.

Contextually, this study limited itself only to Ghana. Hence, the observed link between CSR and financial performance cannot be generalised to every other context.

5.5 Future Research

Similar studies in the future can consider other corporate social responsibility variables to understand the impact of these variables on the performance of banks in the context of this research. Further research should also be conducted in other sectors and countries to know how different corporate social responsibility affects those sectors' financial performance. More variables of corporate social responsibility should be considered to understand how they also affect the financial performance of banks. A different approach, the qualitative analysis should be used for this same research to understand how different corporate social responsibility will affect the financial performance of financial institutions in the banking sector.

Examining the effects of each of the disaggregate CSR dimensions such as community welfare, contributions to education and health, environmental and energy investments, products/services and customers, and workforce, on the financial performance of listed banks in Ghana. This study only used an aggregate measure of CSR for the analysis. But considering the multidimensional nature of the CSR construct, future studies exploring the disaggregate effects of the CSR dimensions on financial performance would yield a much deeper understanding of how CSR directly affects financial performance, and which of the dimensional areas firms need to pay the greatest attention to.

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APPENDIX

Table 1: Extraction and Computation from Listed Banks Annual Reports

ID	BANK NAME	YEARS	CASH	ASSETS	LIABILITIES
1	CAL		67,659	786,063	
1	CAL	2011	86,976	1,159,345	693,142
1	CAL	2012	121,972	1,558,962	955,301
1	CAL	2013	228,353	2,707,542	1,276,770
1	CAL	2014	244,424	3,351,039	2,315,222
1	CAL	2015	553,756	3,599,355	2,845,176
1	CAL	2016	512,376	4,212,638	3,096,587
1	CAL	2017	637,565	5,405,856	3,565,211
1	CAL	2018	597,779	7,039,780	4,641,284
1	CAL	2019	1,211,761	7,903,415	6,078,913
2	ADB	2020	81,660	1,205,757	6,791,481
2	ADB	2011	127,945	1,444,223	1,029,593
2	ADB	2012	275,354	1,621,761	1,247,024
2	ADB	2013	462,089	2,156,740	1,340,766
2	ADB	2014	483,967	2,134,147	1,812,925
2	ADB	2015	610,563	3,035,493	1,801,254
2	ADB	2016	951,675	3,545,143	2,580,715
2	ADB	2017	652,828	3,597,395	3,066,130
2	ADB	2018	927,086	4,577,659	2,957,684
2	ADB	2019	755,756	5,715,794	3,784,275
3	GCB	2020	435,469	2,454,564	4,865,171
3	GCB	2011	360,023	2,972,068	2,285,091
3	GCB	2012	338,797	3,391,100	2,689,521
3	GCB	2013	758,081	4,232,819	2,943,944
3	GCB	2014	544,683	4,670,759	3,572,923
3	GCB	2015	1,179,975	6,074,533	3,816,787
3	GCB	2016	9,558,151	9,627,061	5,014,705
3	GCB	2017	1,355,151	10,720,925	8,412,902
3	GCB	2018	1,555,646	12,524,084	9,271,181
3	GCB	2019	1,567,241	15,324,656	10,743,722
4	ECB	2020	232,856	2,128,006	13,275,364
4	ECB	2011	324,180	3,378,843	1,877,144
4	ECB	2012	427,387	4,624,405	2,922,296
4	ECB	2013	609,153	5,669,630	4,067,299
4	ECB	2014	772,942	6,587,487	4,885,759
4	ECB	2015	3,191,866	6,587,487	5,706,459
4	ECB	2016	2,969,557	9,098,692	7,073,302
4	ECB	2017	2,482,151	10,457,596	8,071,894
4	ECB	2018	2,705,958	13,197,574	9,143,782
4	ECB	2019	3,813,114	15,882,414	9,143,782
		2020			13,459,027

5	AB	2011	41,489	280,092	182,409
5	AB	2012	173,934	797,291	627,232
5	AB	2013	278,383	991,334	775,697
5	AB	2014	509,613	1,718,712	1,428,483
5	AB	2015	681,366	2,424,439	2,065,488
5	AB	2016	728,355	2,679,608	2,251,060
5	AB	2017	728,355	3,199,566	4,771,659
5	AB	2018	1,512,990	3,540,941	3,540,941
5	AB	2019	1,094,344	4,711,698	3,907,898
5	AB	2020	973,734	5,823,778	4,771,659
6	HFC	2011	67,675,824	430,925,189	356,915,855
6	HFC	2012	71,930,479	587,786,992	460,431,304
6	HFC	2013	180,210	973,066	809,371
6	HFC	2014	185,771	1,324,350	1,088,280
6	HFC	2015	411,920	1,566,419	1,386,664
6	HFC	2016	185,771	1,856,171	1,715,022
6	HFC	2017	185,771	2,079,096	1,852,901
6	HFC	2018	903,213	2,857,988	2,360,279
6	HFC	2019	1,136,749	3,326,242	2,769,632
6	HFC	2020	906,641	3,647,785	3,039,551
7	SCB	2011	159,872	1,971,062	1,738,486
7	SCB	2012	515,468	2,390,684	2,079,335
7	SCB	2013	610,618	2,988,358	2,501,374
7	SCB	2014	764,126	3,506,297	2,977,370
7	SCB	2015	1,007,946	3,369,448	2,814,348
7	SCB	2016	1,454,542	4,373,564	3,608,348
7	SCB	2017	1,692,694	4,776,984	3,856,228
7	SCB	2018	2,386,507	5,961,495	4,913,676
7	SCB	2019	2,588,820	7,618,622	6,451,762
7	SCB	2020	2,724,718	8,031,674	6,564,870
8	TB	2011	827,188	4,077,158	3,756,093
8	TB	2012	686,486	4,335,718	3,985,187
8	TB	2013	1,209,181	4,629,850	4,223,727
8	TB	2014	1,313,456	4,662,239	4,205,014
8	TB	2015	1,386,471	4,904,308	4,202,009
8	TB	2016	1,452,142	5,208,072	4,498,751
8	TB	2017	1,739,492	6,154,574	5,450,630
8	TB	2018	1,575,267	6,623,105	5,931,907
8	TB	2019	2,007,533	6,625,564	6,625,564
8	TB	2020	2,913,241	7,974,057	7,974,057

LIABILITIES	EQUITY	OPEXP	PAT	REVENUE
693,142	92,921	33,670	18,338	75,138
955,301	204,044	47,570	49,452	145,991
1,276,770	282,193	72,121	92,010	265,747
2,315,222	392,320	103,234	140,352	352,266
2,845,176	519,503	175,274	160,042	461,093
3,096,587	502,768	345,361	7,203	552,679
3,565,211	779,445	237,972	145,166	668,055
4,641,284	764,572	290,146	162,940	772,751
6,078,913	1,132,772	345,871	174,285	587,148
6,791,481	1,111,934	400,666	206,969	673,658
1,029,593	176,164	135,508	43,608	119,189
1,247,024	197,199	188,764	26,696	199,456
1,340,766	280,995	159555	80,629	280,033
1,812,925	343,815	293078	47,865	327,847
1,801,254	332,893	373452	78,975	273,081
2,580,715	454,778	383971	70,026	278,457
3,066,130	479,013	359575	26,510	520,862
2,957,684	639,711	353420	5,908	478,702
3,784,275	793,384	409142	14,824	491,211
4,865,171	850,623	457292	65,403	628,959
2,285,091	169,473	248,941	16,683	256,619
2,689,521	282,547	248,941	138,645	376,092
2,943,944	447,156	270,364	223,508	569,837
3,572,923	689,371	428,188	270,057	735,246
3,816,787	853,972	519,244	254,642	839,115
5,014,705	1,059,828	700,482	318,116	1,019,655
8,412,902	1,214,159	807,755	234,598	1,187,853
9,271,181	1,449,744	837,571	428,457	1,355,151
10,743,722	1,780,362	1,000,104	428,457	1,555,646
13,275,364	2,049,292	1336219	439501	1930141
1,877,144	250,862	127900	70,105	159,469
2,922,296	456,547	237253	143,169	344,261
4,067,299	557,106	266,489	185,862	457,803
4,885,759	557,106	378,960	309,613	660,590
5,706,459	881,028	554870	327,523	1,025,765
7,073,302	952,208	722740	325,594	1,201,168
8,071,894	1,026,798	758338	255,384	1,115,831
9,143,782	1,313,814	802182	337,590	1,302,702
9,143,782	1,765,896	909805	441,947	1,544,834
13,459,027	2,423,387	1033329	543,817	1,807,066
182,409	182,409	79520	8,418	27,977
627,232	627,232	11995	34,631	115,451
775,697	215,637	75379	45,578	130,055
1,428,483	290,229	114527	85,218	196,659
2,065,488	358,951	144410	80,410	330,689

2,251,060	428,548	203571	41,934	414,068
4,771,659	428,548	211573	41,934	41,934
3,540,941	428,548	273552	41,934	41,934
3,907,898	803,800	179521	173,704	397,521
4,771,659	1,052,119	211574	240,792	639,536
356,915,855	74,009,334	34,140,411	13,186,283	55,716,602
460,431,304	127,355,688	40,584,921	13,186,283	66,121,784
809,371	163,695	55,172	47,530	115,623
1,088,280	236,070	93,647	68,361	183,500
1,386,664	179,755	220,797	39,241	251,081
1,715,022	141,149	229,555	38,606	276,012
1,852,901	226,195	151,112	36,923	310,027
2,360,279	497,709	215,575	37,440	314,802
2,769,632	556,610	215,044	62,557	401,504
3,039,551	608,234	209,954	51,624	454,958
1,738,486	232,576	93,454	77,676	195,775
2,079,335	311,349	105,059	136,288	222,725
2,501,374	486,984	129,393	208,019	375,526
2,977,370	528,927	197,774	208,019	422,136
2,814,348	555,100	227,272	66,148	490,482
3,608,348	765,216	194,115	224,511	549,924
3,856,228	920,756	244,982	283,598	587,093
4,913,676	1,047,819	286,292	210,654	612,784
6,451,762	1,166,860	328,961	281,856	749,703
6,564,870	1,466,804	288,062	478,296	795,374
3,756,093	321,065	41,625	110,075	389,944
3,985,187	350,531	38,701	109,466	403,482
4,223,727	406,123	310,086	126,173	466,740
4,205,014	457,225	338,943	161,102	556,327
4,202,009	702,299	383,782	152,061	555,173
4,498,751	709,321	375,877	107,022	537,098
5,450,630	703,944	405,335	36,099	545,962
5,931,907	691,198	385,780	35,536	434,349
6,625,564	771,986	187,428	103,238	493,949
7,974,057	788,359	175,400	105,886	521,015

DONATIONS	BAGE	ROA	ROE	CSR	BKS
141,109	59	0.023329	0.19735	5.149555	5.895457
230,000	74	0.042655	0.242359	5.361728	6.064213
370,000	69	0.05902	0.326053	5.568202	6.192836
390,000	75	0.051837	0.357749	5.591065	6.432575
386,569	63	0.047759	0.308068	5.587227	6.525179
343,861	27	0.002001	0.014327	5.536383	6.556225
779,787	39	0.03446	0.186243	5.891976	6.624554
482,000	44	0.030141	0.213113	5.683047	6.732864
710,000	55	0.024757	0.153857	5.851258	6.847559
1,080,000	87	0.026187	0.186134	6.033424	6.897815
1,296	78	0.036166	0.247542	3.112605	6.08126
1,296	82	0.018485	0.135376	3.112605	6.159634
454	77	0.049717	0.286941	2.657056	6.209987
1,845	33	0.022193	0.139217	3.265996	6.333798
1,736	48	0.037005	0.237238	3.23955	6.329224
883	78	0.023069	0.153978	2.945961	6.482229
1,451	75	0.007478	0.055343	3.161667	6.549634
1,513	69	0.001642	0.009235	3.179839	6.555988
2,115	63	0.003238	0.018685	3.32531	6.660643
4,025	53	0.011443	0.076888	3.604766	6.757077
727,399	42	0.006797	0.09844	5.861773	6.389974
2,568,091	41	0.046649	0.490697	6.40961	6.473059
644,327	48	0.06591	0.499843	5.809106	6.530341
1,384,000	55	0.063801	0.391744	6.141136	6.62663
1,621,000	22	0.054518	0.298185	6.209783	6.669387
2,785,000	47	0.052369	0.300158	6.444825	6.783513
5,787,000	49	0.024369	0.193219	6.762453	6.983494
5,622,000	63	0.039965	0.29554	6.749891	7.030232
10,425,087	74	0.034211	0.240657	7.01808	7.097746
12,954,321	42	0.028679	0.214465	7.112415	7.185391
223	45	0.032944	0.279456	2.348305	6.327973
305	39	0.042372	0.313591	2.4843	6.528768
1,434	52	0.040192	0.333621	3.156549	6.665056
2,441	47	0.054609	0.555752	3.387568	6.753555
2,843	49	0.049719	0.371751	3.453777	6.81872
3,387	44	0.049426	0.341936	3.529815	6.81872
1,716	79	0.028068	0.248719	3.234517	6.958979
1,359	43	0.032282	0.256954	3.133219	7.019432
751	53	0.033487	0.250268	2.87564	7.120494
2,123	55	0.03424	0.224404	3.32695	7.200917
178,000	54	0.030054	0.046149	5.25042	5.447301
475,000	59	0.043436	0.055212	5.676694	5.901617
	74	0.045976	0.211364	5.788485	5.99622
	69	0.049582	0.293623	6.09752	6.235203
	82	0.033166	0.224014	5.973708	6.384611

614,448	78	0.015649	0.097851	5.899898	6.428071
1,251,757	42	0.013106	0.097851	5.621126	6.505091
941,257	43	0.011843	0.097851	5.660832	6.549119
794,141	44	0.036867	0.216104	5.155318	6.673177
417,952	77	0.041346	0.228864	5.792461	6.765205
457,965	79	0.0306	0.178171	5.037582	8.634402
142,994.0	53	0.022434	0.103539	5.077971	8.76922
0	47	0.048846	0.290357	5.170185	5.988142
620,099	48	0.051619	0.289579	5.240916	6.122003
109,039	45	0.025051	0.218303	5.29567	6.194908
119,666	52	0.020799	0.273512	5.364512	6.268618
147,974	53	0.017759	0.163235	5.397194	6.317875
174,147	41	0.0131	0.075225	5.407476	6.45606
197,547	23	0.018807	0.112389	5.751279	6.521954
231,479	55	0.014152	0.084875	5.792461	6.562029
249,571	54	0.039408	0.333981	5.246314	6.2947
255,550	74	0.057008	0.437734	5.481728	6.378522
564,000	49	0.06961	0.427158	5.443712	6.475433
620,099	71	0.059327	0.393285	5.552668	6.544849
176,325	52	0.019632	0.119164	5.350248	6.527559
303,199	47	0.051334	0.293396	5.407476	6.640835
277,787	42	0.059368	0.308006	5.751279	6.679154
357,000	44	0.035336	0.20104	5.397194	6.775355
224,000	41	0.036996	0.241551	5.792461	6.881876
255,550	48	0.059551	0.32608	6.633468	6.904806
564,000	48.65	0.026998	0.342843	6.361728	6.610358
249,571	71	0.025247	0.312286	6.653213	6.637061
620,099	44	0.027252	0.310677	6.653213	6.665567
4,300,000	43	0.034555	0.352347	6.39794	6.668595
2,300,000	74	0.031006	0.216519	6.170186	6.690578
4,500,000	73	0.020549	0.15088	6.146128	6.716677
4,500,000	53	0.005865	0.051281	6.20412	6.789198
2,500,000	42	0.005365	0.051412	6.361728	6.821062
1,479,741	44	0.015582	0.13373	6.113943	6.821223
1,400,000	58	0.013279	0.134312	5.544068	6.901679
1,600,000					
2,300,000					
1,300,000					
350,000					

EFF	CAP	M2GDP	INF
0.448109	0.118211	3.1	8.6
0.325842	0.175999	3.7	11.5
0.27139	0.181013	2.9	10.8
0.293057	0.144899	2.8	8.8
0.380127	0.155027	2.7	7.7
0.624885	0.139683	2.7	7.3
0.356216	0.185025	2.6	7.1
0.375472	0.141434	2.5	6.9
0.58907	0.16091	2.17	6.6
0.594762	0.14069	3.1	10.4
1.136917	0.146102	3.1	8.6
0.946394	0.136543	3.7	11.5
0.569772	0.173265	2.9	10.8
0.893947	0.159414	2.8	8.8
1.36755	0.155984	2.7	7.7
1.378924	0.14982	2.7	7.3
0.690346	0.135118	2.6	7.1
0.738288	0.177826	2.5	6.9
0.832925	0.173317	2.17	6.6
0.727062	0.14882	3.1	10.4
0.97008	0.069044	3.1	8.6
0.661915	0.095067	3.7	11.5
0.474458	0.131862	2.9	10.8
0.582374	0.162863	2.8	8.8
0.6188	0.182834	2.7	7.7
0.686979	0.174471	2.7	7.3
0.680013	0.126119	2.6	7.1
0.618065	0.135226	2.5	6.9
0.642887	0.142155	2.17	6.6
0.692291	0.133725	3.1	10.4
0.802037	0.117886	3.1	8.6
0.689166	0.135119	3.7	11.5
0.582104	0.120471	2.9	10.8
0.573669	0.098261	2.8	8.8
0.540933	0.133743	2.7	7.7
0.601698	0.144548	2.7	7.3
0.679617	0.112851	2.6	7.1
0.615783	0.125633	2.5	6.9
0.588934	0.133805	2.17	6.6
0.571827	0.152583	3.1	10.4
2.842335	0.651247	3.1	8.6
0.103897	0.786704	3.7	11.5
0.579593	0.217522	2.9	10.8
0.582363	0.168864	2.8	8.8
0.436694	0.148055	2.7	7.7

0.491637	0.159929	2.7	7.3
5.045381	0.133939	2.6	7.1
6.523394	0.121027	2.5	6.9
0.451601	0.170597	2.17	6.6
0.330824	0.180659	3.1	10.4
0.612751	0.171745	3.1	8.6
0.61379	0.21667	3.7	11.5
0.477171	0.168226	2.9	10.8
0.510338	0.178253	2.8	8.8
0.879386	0.114755	2.7	7.7
0.831685	0.076043	2.7	7.3
0.487416	0.108795	2.6	7.1
0.684796	0.174147	2.5	6.9
0.535596	0.167339	2.17	6.6
0.46148	0.166741	3.1	10.4
0.477354	0.117995	3.1	8.6
0.471698	0.130234	3.7	11.5
0.344565	0.16296	2.9	10.8
0.468508	0.150851	2.8	8.8
0.463365	0.164745	2.7	7.7
0.352985	0.174964	2.7	7.3
0.41728	0.192748	2.6	7.1
0.467199	0.175764	2.5	6.9
0.438788	0.153159	2.17	6.6
0.362172	0.182627	3.1	10.4
0.106746	0.078747	3.1	8.6
0.095918	0.080847	3.7	11.5
0.664366	0.087718	2.9	10.8
0.609251	0.09807	2.8	8.8
0.691284	0.1432	2.7	7.7
0.699829	0.136196	2.7	7.3
0.742423	0.114377	2.6	7.1
0.88818	0.104362	2.5	6.9
0.379448	0.116516	2.17	6.6
0.336651	0.098865	3.1	10.4