

**Corporate Social Responsibility and Performance of Deposit Money  
Banks in Nigeria**

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**Being a Thesis Submitted to the Department of Finance, Faculty of  
Management Sciences, University of Benin, Benin City,  
In Partial Fulfillment of the Requirements for the Award of  
Masters of Science (M.Sc.) Degree in Finance of the University of Benin,  
Benin City, Nigeria.**

**OCTOBER, 2025**

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We certify that this research was carried out by Amenze Cynthia AISIEN in the Department of Finance, Faculty of Management Sciences, University of Benin, Benin City in partial fulfillment of the requirements for the award of Master of Science (M.Sc) Degree in Finance.

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## **DEDICATION**

This work is dedicated to God Almighty, the giver of all knowledge, for it is Him that everything moves, lives and have their being.

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## **ABSTRACT**

This study explored the influence of corporate social responsibility (CSR) on the financial performance of deposit money banks (DMBs) in Nigeria. Specifically, the study investigates impact of CSR on Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM). It focused on four CSR dimensions: corporate governance, economic responsibility, ethical responsibility and philanthropic responsibility.

The study adopted an ex-post facto research design, utilizing secondary data obtained from The Annual Financial Reports of DMBs listed on the Nigerian Exchange Group (NGX) from 2011 to 2023. The analysis employed panel data estimation techniques, including fixed and random effects models, to determine the relationships between CSR practices and financial performance of deposit money banks.

The findings indicated that economic responsibility had a significant positive effect on ROA, suggesting that DMBs that engage in value-creating activities such as offering innovative financial products and services, as well as supporting local economic development, tend to experience improved financial performance. Additionally, philanthropic responsibility, which includes community development initiatives, education support, and disaster relief efforts, was found to positively impact ROA, ROE and NIM enhancing brand reputation and customer loyalty. Ethical responsibility, reflected in the adoption of transparent and fair business practices, also demonstrated a positive effect on financial performance by fostering trust and mitigating risk associated with legal and reputational issues. However, corporate governance was found to have no significant impact on ROA, indicating that governance practices may not directly influence the financial outcomes of Nigerian banks. Based on these findings, the study recommended that banks should priorities economic and philanthropic CSR activities, promote ethical business conduct, and enhance their corporate governance frameworks to improve performance. The results underline the importance of CSR in contributing to both financial success and socio-economic development in host communities.



# CHAPTER ONE

## INTRODUCTION

### 1.1 Background to the Study

During the last few decades, the corporate world has been predisposed by the growing awareness on corporate social responsibility and there is more conscientiousness on how they generate and expend profits. According to Ditlev-Simonsen (2011), scarcity of resources, global warming, greenhouse effect, working conditions and treatment of employees are environmental, social and economic issues that civil society recognizes. This has exacerbated the focus on corporate social responsibility in recent years among academics, consumers, governments, and investors. The environment has been taken as a crucial concern in today's social and economic system, making its preservation and improvement of quality environment a major concern for discussion in the corporate sector. Owing to the importance that corporate organizations placed on the environment, they are responsible for maintaining a livable environment (Uwugbe & Egbide, 2012).

At present, where most economies of the world are characterized with an all-round market competition, organizations engage in various forms of social activities in order to successfully sustain their economic operations. There are certain strategies that organisations sometimes use to maintain or build their identities in the public domain in order to survive. Corporate social responsibility has been used as one of the strategies that have enabled many organizations and institutions to successfully capture their target market and build a sufficient customer base so as to elicit unreserved loyalty and continuous patronage from them. Organizations are able to capture their target market by providing social and economic services to their immediate host communities. They provide social services such as free health care services for the aged and poor citizens in their host communities as well as other socioeconomic support services including educational scholarships for the uneducated poor

citizens, youth empowerment supports, conditional cash transfers for the less privileged in the society (Ditlev-Simonsen, 2011; Uwuigbe & Egbide, 2012).

As a result of the socioeconomic empowerment in the host communities, organizations are able secure the trust of the people in what they do and encourage their patronage for their products. Consequently, the organizations are able to extend their reach to their potential customers and expand their market. The impact of it on the financial results of a company or organization is obvious and easy to identify. The impression of corporate social responsibility is concentrated on organizations' commitment to improving social circumstances, stakeholder interests, stakeholder's interest and sustainable development of all parties involved. Evidences abound in the literature that societies and businesses coexist in the modern world in such a way that the most recent trends between them are not only primarily about business ventures to making profits but also foreshadowing interest such as; societies welfare and other society oriented non-economic actions (Falck & Hebich, 2007).

Batra and Bahri (2018) stated that the philosophy of corporate social responsibility is based on the 'triple bottom line' principle. The 'triple bottom line' is a rule that entails three elements which include: service delivery, environmental protection, and profit making. This principle enables organizations to consider other important issues other than profit maximization motive in the business environment. In other words, businesses need not focus on making profits but focusing on serving people, serving and protecting the planet, and making profits. A new paradigm according to which corporate social responsibility has become one of the factors contributing to the improvement of the financial performance of banking sector is the fact that banking sector, according to Terungwa (2011), does not have a significant negative impact on the environment compared to other sectors such as

manufacturing and oil production, but the need for social responsibility of banks is increasing as it is linked to socio-economic growth of all sectors of the economy.

Banking is a global industry with many business relationships ranging from provision of services, financial products to industries (producers) and consumers. It is also central to the socio-economic development of all economies and plays an active developmental role, including resource mobilization from surplus units and efficiently distributes it to the deficit units of the economy. The design of the Nigerian banking system aims to have a major impact on the Nigerian economy because any financial reforms taking place in the system primarily affect the society. In this regard, corporate social responsibility is considered a panacea for the negative impact of sectorial reform and other measures on society as the adoption of corporate social responsibility has been shown to improve the financial performance of non-financial sectors as well as banks (Batra & Bahri, 2018).

The importance of corporate social responsibility cannot be undermined since it has become a viable step towards a sustainable global economy. Corporate social responsibility increases corporate accountability, increases trust, creates transparency, encourages more innovation, improves internal governance and decision-making processes, reduces compliance costs and provides a competitive advantage (Umoren, Atolagbe & Isigvwe, 2016). Thus, corporate organisations are often pressured by various stakeholders to integrate social and environmental issues into their operations and to ensure a high standard of management. It has been shown that there is a relationship between corporate social responsibility disclosure practices and financial performance (Umoren, Isivwe-Ogbari & Atolagbe, 2016). Businesses must assume social responsibility because they expect to benefit from their actions. Examples of these benefits include improving their reputation, being able to charge higher prices for their products, or using corporate social responsibility to recruit and retain quality employees.

These benefits should offset the costs of corporate social responsibility, as resources must be allocated to companies to achieve corporate social responsibility status. An important indicator of the true worth and value of a modern organization is its ability to give back to society. Hence, by engaging in corporate social responsibility, organizations benefit from a number of mutually beneficial initiatives (Nkanbra & Okorite, 2007).

There is no doubt that corporate social responsibility is much needed in today's business world because the society require business organizations to be sensitive to events in their environment, ensuring better understanding and better relationships between organizations and the societies in which they live. This is because corporate social responsibility contributes to the welfare of citizens (Ekwok & Ugor, 2019). Corporate social responsibility is one of the most dynamic, complex and challenging areas facing business leaders (Chen, & Wang, 2011). This is perhaps one of the most important issues in the relationship between business and society that encourages utility companies to play an active role in making society a better place to live.

The concept of corporate social responsibility is also considered to have evolved from an ecological perspective in relation to the management of physical resources for their future conservation. Corporate social responsibility is therefore related to the economic performance of the organization itself. It calls for economic growth that alleviates extreme poverty in developing countries, based on policies to conserve and expand natural resources. Nigerian banks have responded to corporate social responsibility for many years, with corporate social responsibility enhancing the bank's reputation while recognizing the bank's obligations to stakeholders and society. Orlitzky (2013) argued that companies should not only focus on increasing value by increasing profits, but also on corporate social responsibility issues. According to Orlitzky (2013), Nigerian banks spend billions of naira to contribute to the

social and economic development of the society. The main beneficiaries of the bank's corporate social responsibility policy are in the fields of: health, education, security, housing, agriculture, arts and tourism, sports, charities, religion, government agencies, youth development and in some occasion public infrastructure development. DMBs corporate social responsibility impact on their performance is the focus of this study.

## **1.2 Statement of the Research Problem**

The consensus in the literature is that socially responsible corporations perform better than those that are not. Yet, for proponents of Milton Friedman, engaging in corporate social responsibility lowers firm profitability (Tripathi & Bains, 2013). Going by this assertion, firms that expend their resources to be socially responsible run the risk of lowering their performance index. This proposition has led to divergent opinions among academicians on the essence of corporate social responsibility and its legitimacy. In the Nigerian literature, several empirical studies (see Rabi'u, Asma'u, Jamila & Musa, 2016; Mohammed, Zakaree & Oladele, 2016; Akinleye & Adedayo, 2017) found that corporate social responsibility practices promote firm performance while focusing mostly on manufacturing sector. However, in the banking sector, the subject matter on corporate social responsibility has not been properly investigated. This is because banks are adjudged to pose little or no threat to the environment in Nigeria than manufacturing firms, owing to the nature of products rendered (Adati, Mohamad & Fadhilah, 2012). Hence, it is expected that banks should engage in lesser corporate social responsibility practices than other manufacturing firms.

However, banks solicit deposits from customers, provide complementary services and grant loans to their host communities to achieve desired profitability. Over the years, Nigerian banks have enjoyed huge patronage for these services from their host communities resulting in them recording compound growth rates, huge profits and expansion in terms of the number

of their outlets. The total number of Nigerian deposit money banks has risen over the years (Oboreh & Arukaroha, 2021; Ugwu, 2020). Currently, there are twenty six (26) licensed deposit money banks by the Central Bank of Nigeria (Central Bank of Nigeria, 2023). Despite the increasing rate of expansion of the banks and their businesses in Nigeria, there is hardly a commensurate evidence of recorded corporate social responsibility expenditure undertaken by the banks to assist their host communities in areas of their socio-economic needs and sustainable development. This corporate gesture of giving back to, and appreciation for their host communities ought to be acknowledged by banks, especially in investing in socio-economic and environmental development of these communities since they enjoy an interdependent relationship with them, yet little is being done to reverse the trend (Adeyanju, 2012).

Many businesses in Nigeria are increasingly becoming aware of the need for spending on corporate social responsibility in their immediate host communities and even beyond. Not only has it been made a policy option by businesses but there has also been competition among firms in the same industry about who will spend most (Iqbal, Ahmad & Kanwal, 2013; Gorski, Fuciu, & Croitor, 2014). But the corporate social responsibility activities are financed from the profit of the businesses. Consequently, it is not clear whether such expenditure portend problems for the banks in Nigeria or a boost towards the enhancement of financial performance of the banks. Furthermore, past studies in this area had produced conflicting results. For instance, whereas Ohiokha, Odion and Akhalumeh (2016) found that corporate social spending has little influence on financial performance of the sampled firms, studies by Babalola (2012) and Richard and Okoye (2013) revealed that there is notable, positive and significant relationship between corporate social responsibility spending and firm's financial performance in Nigeria. This unevenness of research findings has aroused interest to

undertake further investigation aimed at establishing the real effect of corporate social responsibility spending on banks financial performance in Nigeria.

### **1.3 Research Questions**

The study is guided by three research questions. They are stated as follows:

- i. What is the impact of economic responsibility of commercial banks on their return on assets in Nigeria?
- ii. Does philanthropic responsibility of deposit money banks affect their return on assets in Nigeria?
- iii. What is the impact of ethical responsibility of deposit money banks on their return on assets in Nigeria?

### **1.4 Objectives of the Study**

The major objective of this study is to examine the relationship between corporate social responsibility and the performance of deposit money banks in Nigeria. The specific objectives are to:

- i. ascertain the effect of economic responsibility on the return on assets of deposit money banks in Nigeria;
- ii. assess effect of philanthropic responsibility on return of assets of deposit money banks in Nigeria; and
- iii. determine the impact of ethical responsibility of deposit money banks on their return of assets in Nigeria.

### **1.5 Research Hypotheses**

Research hypotheses are developed to ensure valid answers to the research questions stated above. These hypotheses are stated in the null form as follows:

1. Economic responsibility does not significantly affect return on assets of deposit money banks in Nigeria.
2. Philanthropic responsibility does not affect return on assets of deposit money banks in Nigeria.
3. Ethical responsibility does not affect return on assets of deposit money banks in Nigeria.

## **1.6 Scope of the Study**

The study focused on the effect of corporate social responsibility and performance of deposit money banks in Nigeria. Corporate social responsibility of the selected deposit money banks covers four components which include economic, environmental, philanthropic, and ethical responsibility of deposit money banks to their host communities. The period of the study spans from 2011 to 2022. The 12 years for the data analysis is chosen because of data availability. The data for the study is secondary sourced from the various audited annual editions of the sampled banks' financial statements.

## **1.7 Significance of the Study**

This study is expected to contribute to knowledge in several ways. The findings of this study will provide insights into corporate social responsibility in relation to corporate institutions, particularly the banking industry in Nigeria. In addition, it is expected that the results of this study will provide relevant data for scientific management discussions on corporate social responsibility and profitability. Another benefit is that banks in Nigeria are becoming more responsible and civil in a truly global economy. Banks will respond more easily and willingly to the social needs of their society.

The results obtained in this study will be useful for testing existing theories under extreme conditions that do not exist in developed countries, where most previous studies have been

conducted. Current and potential investors are provided with information to help them make sound investment decisions. The findings and conclusions will enable regulators to understand the effect of corporate social responsibility demands on the financial performance of deposit money banks in the banking sector, particularly in Nigeria, and how the banks have responded.

This study fills a gap in the literature by examining the impact of corporate social responsibility on the profitability of the Nigerian banking sector. Hence, this study serves to provide a new dimension on the subject matter in the empirical literature of corporate social responsibility and bank performance. Consequently, the results obtained will provide relevant insights to the Nigerian government, for them to understand the tool of corporate social responsibility towards improving the social welfare of citizens.

Also, this study seeks to help banks in Nigeria to develop effective corporate social responsibility frameworks that would help them make returns from their environment, without unduly wasting corporate resources through corporate social responsibility expenditures. The results provide useful evidence for other emerging non-financial institutions, such as insurance, which are closely related to the banking sector.

### **1.8 Limitations of the Study**

This research is not free from constraints that can affect the results but not sufficient enough to undermine the reliability of the information provided. One of such limitation is the total reliance on secondary data. However, this limitation will be overcome by sourcing for data from the Central Bank of Nigeria Bulletin and the Nigerian Exchange Group Limited. The obtained data from the database would be subjected to various preliminary tests to ensure that the data obtained from these sources are largely accurate enough to reduce or eliminate inadequacy and non-reliability problems.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

In this chapter, a review of extant literature on the subject matter is carried out covering conceptual, theoretical and empirical literature.

#### **2.2 Conceptual Review**

Performance is the act or process of carrying out or executing a task effectively. It is a command of carrying out a given task or job satisfactorily. According to Oxford dictionary, p. 742, it states, performance is the fulfilment of a duty satisfactorily. Performance in finance, in respect to the banking sector is indicated by profitability in evaluating how well the resources of the organization particularly the banking sectors used to general profits. Performance is measured by the following variables. These variables are:

- i. Returns on assets.
- ii. Return on equity.
- iii. Net profit margin.

##### **2.2.1 Return on Assets**

Return on assets, also called return on total assets ratio, is a profitability ratio that measures the net profit generated from total assets over a period of time by comparing net profit to average total assets. In other words, return on total assets (ROTA) measures how effectively a company can manage its assets to generate profits over a period of time. Since the sole purpose of a company's assets is to generate revenue and generate profits, this ratio helps both executives and investors determine how well a company can convert its investment in total assets into profit. ROTA is considered a company's return on investment because capital equipment is often the largest investment for most companies. In this case, the company

invests money in capital equipment and the income is measured as profit. Return on total assets (ROTA) is a measure of how profitable a company is relative to its total assets. ROTA gives you an idea of how effective management is at generating income using your assets (Saeed et al., 2016; Ohaka & Ogaluzor, 2018).

Calculated by dividing a company's annual revenue by its total assets, ROTA is expressed as a percentage. Return on total assets (ROTA) ratios show how well management is using a company's total assets to generate profits. The higher the profitability, the more efficiently management uses its asset base. The ROTA ratio is calculated by comparing net income to the average balance sheet total and expressed as a percentage. This ratio can also be expressed as the product of profit margin and total asset turnover. Both formulas can be used to calculate return on total assets. When using the first formula, total assets can change throughout the year, so average total assets are usually used. To calculate average assets for the year, simply add the opening and closing assets on the balance sheet and divide by 2. Return on total assets measures how efficiently a company can earn a return on its investment in its assets. In other words, ROTA shows how efficiently a company is able to convert the money used to purchase assets into net profit or profit (Saeed *et al.*, 2016).

Because all assets are financed by equity or debt, some investors try to remove the cost of purchasing the assets from the rate of return calculation by adding the cost of interest to the formula. A higher ratio is more beneficial to investors because it indicates that the company is managing its assets more efficiently to generate higher net income. A positive ROTA ratio usually indicates an upward trend in profits. ROTA is particularly useful for comparing companies in the same industry because assets are used differently in different industries.

### **2.2.2 Return on Equity**

Return on equity (ROE) is a measure of profitability that calculates how much profit a company earns with 1,000 won of equity capital. The ROE formula is net income/equity. ROE is also known as return on equity. Return on equity (ROE) is a profitability ratio that measures a company's ability to earn a return on its shareholders' investment in the company (Chen, & Wang, 2011; Orlitzky, 2013). In other words, the rate of return on equity shows how much profit one naira of equity brings. ROE is not a measure of profit. It is a measure of efficiency. An increase in ROE means that the company is increasing its assets to make a profit without needing more capital. It also shows how well a company's management is using its equity capital. In other words, the higher the ROE, the better. A drop in ROE is usually a problem. However, it should be noted that ROE increases as the cost of equity decreases. For example, write-downs and share buybacks can artificially inflate ROE. Also, high levels of debt can artificially inflate ROE. After all, the more debt a company has, the lower its equity (as a percentage of total assets) and the higher its ROE. The banking sector generally has higher returns on capital than other sectors. As a result, return on equity comparisons are usually the most important of equals, and in this context, decisions must be made about high or low rates (Chen, & Wang, 2011; Orlitzky, 2013).

### **2.2.3 Net Profit Margin**

Net profit margin is the ratio of profitability. Basically, it is the percentage of profit made from operating activities after deducting operating expenses. Net profit margin is the percentage of sales that remains after deducting all costs from sales (sales). This measure shows the amount of profit a company makes from its total revenue. Net profit margin is the ratio of net profit to sales of a company or business unit. Net profit margin, usually expressed as a percentage, shows the sum of all the Naira a company collects when revenue is converted into profit. The formula for calculating net profit margin is net profit margin = net

profit/sales. Net profit margin shows how well a company turns sales into profit. It is a measure of efficiency, as is the overall health of the company (Li & Zou, 2014; Yuga, 2016).

Companies that generate more profit per naira of sale are more profitable. Companies with high net profit margins are resilient to underperforming product lines or economic downturns. The net profit margin ratio is also a good metric for time series analysis, where business owners can analyze business data over multiple time periods to see how their business is performing. Benchmarking shows profit areas where net income has declined due to deterioration or rising cost trends. Financial ratios such as net profit margin make the most sense when viewed over time. As with all business data, the usefulness of reports has some limitations. Because industries are so diverse, net profit margins are not very good when comparing companies in different industries. It's a good idea to compare not only companies in the same industry, but also companies that are similar in size, have similar product lines, or operate in the same broad geographic area (Chen, & Wang, 2011; Orlitzky, 2013).

#### **2.2.4 Corporate Social Responsibility**

The concept of corporate social responsibility (CSR) was first proposed by Carroll (1991). Carroll's (1991) CSR pyramid is one of the most popular concepts of CSR and includes economic, legal, ethical and philanthropic expectations for business. According to Rendtorff & Mattson (2012), businesses are viewed as communities of people who use social practices to achieve common goals. These goals are achieved through trust and genuine relationships with our clients. The key ethical principles that contribute to client well-being are client autonomy, dignity, justice and vulnerability, which are key assumptions of an appropriate approach to clients. Yeung (2017) defines the key elements of CSR in the banking sector as understanding the complexity of financial services, risk management, banking ethics,

implementing financial crisis prevention strategies, protecting customer rights and defining the parameters of customer complaint channels.

CSR can be defined as the economic, legal, ethical and discretionary expectations society has of an organization at a given time (Carroll & Buchholz, 2003). CSR is a method of analyzing the interdependencies between companies, economic systems and the communities they belong to. CSR is a tool for discussing the scope of corporate social responsibility. It provides policy ideas on how to meet these commitments. It is a tool to identify the benefits that allow companies to meet these obligations (CSR Guidelines).

Macdonald and Rundle-Thiele (2018) examine the relationship between a bank's CSR and customer satisfaction. Their research results show that customer satisfaction has a greater impact on customer-related events than CSR activities. And if a bank decides to develop a CSR activity, it must choose the right direction for this activity. Robin (2018) stated that society wants to have an economic system that promotes the growth of economic well-being and creates opportunities for people to live happily. Ethics' mission is to reduce the abuse of corporate authority in a two-way exchange relationship and to reduce its negative impact on people's daily lives. The central problem of business ethics is how to make capitalism ethical. According to Sigurthorsson (2020), CSR risk is an excuse for legislation and unusual corporate self-regulation. Bank of Iceland implements the concept of CSR by providing financial support to philanthropic activities and limits CSR tools to public communication rather than focusing on creating socially responsible practices. Corporate social responsibility should focus more on social responsibility than distribution.

Fassin and Gosselin (2015) also report that large institutions have strong CSR and ethical cultures. The CSR model includes social obligations, including economic, legal, ethical and philanthropic responsibilities. Carroll (1991) proposes that economic performance underlies

the other three components of CSR because companies are established as economic entities driven by the profit motive. Legal responsibility means that a company complies with federal, state, and local laws and regulations (Carroll, 1991). This was followed by ethical responsibilities, standards, norms and expectations that reflect a concern for fairness and justice that respects the moral rights of consumers, employees, shareholders and communities (Carroll, 1991). CSR as a philanthropic activity in Nigeria can also be linked to various religious influences. Nigeria is a very theistic country. Belief in supernatural or spiritual realities is very important to the average Nigerian (Adi, 2006). Therefore, it could be argued that since gifts and offerings are central to religion, such beliefs can easily influence Nigerians' attitudes and business to person communication practices. In the last two decades, the concept of corporate social responsibility was alien to the Nigerian banking industry (Amaechi, 2019). At that time, bank management was limited to customers but not the business environment, which created many problems for various institutions. This is because there were relatively few banks back then and customers had few options. In addition, there are many things that were taken for granted because the knowledge and awareness of bank customers was low. Times are changing and awareness of banks' social responsibilities is growing. Participation in the bank's policy-making process is no longer a problem. This is because policies, products and services can only be implemented after assessing and taking into account the reactions of society and businesses. Without these considerations, there was always the fear that organizations would experience product or service failures. Today, a bank's corporate social responsibility profile is used as a marketing tool in a highly competitive industry. CSR is part of the business ethics of accountants and managers because it is important to determine the success of a company.

According to Adeyanju (2019), economic responsibility is the basis of all responsibilities and the basis of all CSR, otherwise it cannot be achieved. This responsibility reflects the reason

the company was founded. Adeyanju (2019) argues that companies should abide by the laws set by the government. The law provides a codified ethical approach to justice that includes key government-mandated concepts. These laws include taxes, environmental protection and more. Ethical responsibility emphasizes the behaviors and practices expected of members of society, including conforming to the standards of the industries in which they operate (Adeyanju, 2019).

## **2.2.5 Types of Corporate Social Responsibility**

The types of corporate social responsibility are discussed as follows:

### **Environmental Responsibility**

Environmental responsibility is when organisations take active measures to promote sustainability and natural conservation. Customers often prefer companies that engage in sustainable packaging or dedicate a portion of profits from a sale to an environmental cause.

Companies can implement environmental responsibility in several ways:

- adopt processes in their daily functioning that are environmentally friendly and sustainable
- reduce the use of single-use plastic and control greenhouse gas emissions
- donate to relevant causes and fund research on sustainable materials, environment-friendly packaging and environmental conservation

For example, an organisation pledges to plant 10 trees every time someone purchases their product. They also provide some seeds to their customer with every purchase to encourage them to plant a tree. They speak about this activity through all their marketing channels to increase awareness. To stay accountable to the public, the organisation updates its stakeholders with evidence of the woodland they've created or rejuvenated (Greiner & Sun, 2021; Mio, Costantini & Panfilo, 2022).

## **Ethical Responsibility**

Ethical responsibility helps the firm set operational policies that are fair. Companies ensure all employees get equal opportunities. The guidelines don't discriminate against any leader, employee, investor, supplier or customer based on their gender, culture, heritage or religion. These policies help build an inclusive culture in the organisation and reflect on the work it does. Some organisations may also set ethical codes to define how it does business and with whom it engages. Such policies help the organisation make decisions holistically and invite diverse perspectives in problem-solving. For example, an organisation looking for supplies for its manufacturing unit may refrain from procuring them from an agent who employs child labour. Buying from such a supplier could be regarded as exploiting child labour, and rejecting them could help to reduce its incidence. Doing so also reflects on the company values and how the organisation attempts to uphold them. Such values are present in the company policies and imparted to all employees (Greiner & Sun, 2021; Mio, Costantini & Panfilo, 2022).

## **Philanthropic Responsibility**

Philanthropy involves donating a portion of your wealth to an environmental or social cause. Businesses often do this by dedicating a part of their profits to charities and non-profit organisations that align with the company values. Some firms may also create charities that focus on a particular cause. Engaging in such activities can help improve society and the environment by aiding research, creating awareness or supporting specific sections of the community. Organisations that run charities or contribute to a particular cause also engage their employees in such activities. For example, some scientists engaged in finding the cure for a long-term chronic disease don't have the resources to progress their research. A firm may create a charitable trust and then systematically invest in research on a new vaccine, medication or treatment that may benefit people. They may not be a pharmaceutical company

but still engage in activities that can improve the healthcare system (Greiner & Sun, 2021; Mio, Costantini & Panfilo, 2022).

### **Economic Responsibility**

Economic responsibility is an amalgamation of environmental, ethical and philanthropic social responsibilities. Companies engaging in economic responsibility take measures that benefit the business and society. Businesses often do this by merging their business values and financial decisions, keeping in mind the good of the community. Business decisions are more empathetic and go beyond just being focused on profits. For example, a product manufacturing company may choose to use only sustainable packaging for its products. The company needs to evaluate costs and engage with suppliers who can make this a cost-effective process. It positions the company as environmentally conscious and helps connect with customers. These business decisions reflect the company values, engage the customer and showcase the company's commitment to the environment (Mio, Costantini & Panfilo, 2022).

#### **2.2.6 Benefits and Cost Implications of Corporate Social Responsibility to Companies**

Corporate social responsibility is an opportunity for companies to use some of their profits in activities that benefit society. It also serves as an opportunity to build and maintain its brand image. First, companies speak about their corporate social responsibility initiatives across multiple channels, including television, radio, social media and print media. It helps gain attention to the organisation's initiatives to benefit the environment, employees or wider society. Many companies may use this to spread awareness about the initiative, increase profits, reach more customers or increase transparency within the organisation. Also, when an organisation engages in a corporate social responsibility activity, it gains media attention and helps businesses gain positive coverage. Some companies may pay for media coverage, while

others may earn it for the work they do. It helps reach out to more people and widen the support and impact of the social, economic or environmental activity (Greiner & Sun, 2021; Mio, Costantini & Panfilo, 2022).

Again, customers purchase from companies they trust and who share similar values. Engaging in CSR activities helps companies establish their core business values through their actions. CSR activities attract a lot of attention and help broaden the company's reach, reinforce customer loyalty and improve brand image. Moreover, when companies engage in CSR activities and talk about it in the media, it helps them differentiate themselves from their competition. Companies that stand for an environmental or social issue create an empathetic bond with their customers and increase customer recall. It establishes that the company cares about benefiting society and the environment and not just increasing their profits (Greiner & Sun, 2021).

Furthermore, companies can engage their employees in activities that benefit society or the environment. Employees may be responsible for organising events or taking part in a cause. Employees who identify with the cause are likely to stay with the organisation, reducing employee turnover rates. In addition, when companies run corporate social responsibility activities, they showcase company values and build a strong brand image. Candidates with whom this resonates are more likely to reach out to these organisations for a job. These candidates bring a new perspective and help add value to the company's CSR activities (Greiner & Sun, 2021).

Also, a company that engages in CSR activities showcases its commitment to the betterment of society or the environment. This could happen by integrating CSR activities into business operations or supporting a cause through the sales generated. It establishes that the company

processes aren't harming the environment or society and are taking active measures to improve the situation (Greiner & Sun, 2021).

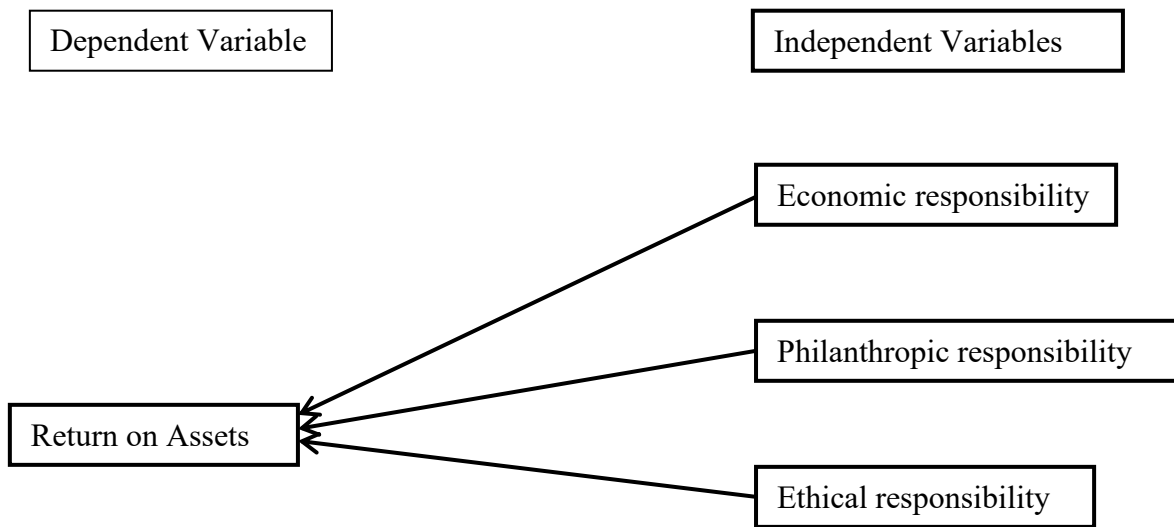
Moreover, any CSR activity aims to improve the current economic, environmental or ethical conditions in a particular region, country or even globally. Companies can associate themselves with causes that resonate with their customers and align with their values. With the support of their partners, businesses aim to create positive change that benefits everyone in the community and beyond. Finally, all the attention and media coverage the CSR activity garners helps increase brand awareness, brand recall and sales which can lead to considerable growth. If customers remember the brand, they are more likely to make purchases. CSR activities help companies widen their portfolio and can attract investments and sponsorships (Greiner & Sun, 2021; Mio, Costantini & Panfilo, 2022).

Despite the potential advantages of CSR, the implementation of CSR initiatives presents various challenges for businesses. One significant challenge involves the balance between profitability and social responsibility, as CSR activities often require additional costs and resource allocations. Managing these conflicting interests necessitates careful prioritization and integration of CSR into core business strategies (Greiner & Sun, 2021; Broccardo *et al.*, 2022; Asiaei *et al.*, 2022). Moreover, assessing the effectiveness and impact of CSR initiatives remains challenging, given that outcomes are frequently intangible and challenging to quantify. The absence of standardized metrics and reporting frameworks further complicates the evaluation and comparison of CSR performance across companies and industries (Mura, Micheli & Longo, 2021; Mio, Costantini & Panfilo, 2022). Additionally, ensuring alignment and coherence between CSR activities and organizational values, culture, and stakeholder expectations is crucial for credibility and long-term viability. It has been observed that incorporating social or environmental concerns enhances consumer confidence

in a company's CSR efforts and reduces skepticism in consumers' perceptions (Sajith & Jyoti, 2021).

### 2.3 Conceptual Framework

The conceptual framework of the study is presented in the Figure 1.



**Figure 1: Conceptual Framework**

As depicted in the conceptual framework, the various components of corporate social responsibility of banks, economic, environmental, philanthropic, and ethical responsibility influence the performance of the banks as measured by return on assets.

### 2.3 Theoretical Review

#### 2.3.1 Stakeholder Theory

The stakeholder theory is a theory of organizational management and business ethics, which addresses morals and values in managing an organization. It was originally detailed by Ian Mitroff in his book "Stakeholders of the Organizational Mind", published in 1983. The original concept was however reformed by Edward Freeman, whose book "Strategic

Management: A Stakeholder Approach” identified and modelled the groups which are stakeholders of a corporation; and recommends methods by which management can give due regard to the interests of those groups. Basically, the book attempted to address the "principle of who or what counts in an organization” (Miles, 2012). In the traditional view of a company, the shareholder view, only the owners or shareholders of the company are important, and the company has a binding fiduciary duty to put their needs first; which is to increase value for them. Stakeholder theory instead argues that there are other parties involved, such as employees, customers, suppliers, financiers, governmental bodies, political groups, trade associations and trade unions (Miles, 2011).

Thus, the theory adopts a strategy that integrates both a resource-based view and a market-based view and adds a socio-political level. The theory recommends that the specific stakeholders of a company should be defined, and then the management of the firm should examine the conditions to treat each party as stakeholders. The relevance of this theory stems from the role each stakeholder plays in the attainment of the goals of a corporation. Hence, corporations and businesses should not regard their business owners as those deserving interests; rather, all internal and external stakeholders who have a direct and indirect impact on the business should be recognized and each given his due worth (Kpolovie & Sado, 2016; Ekwok & Ugor, 2019; Kornom-Gbaraba & Aernan, 2021).

According to Freeman (1984), the focus of stakeholder theory (ST) boils down to two key questions: What is the purpose of the company? This question encourages managers to demonstrate a shared sense of the value they create and the value they deliver to key stakeholders. This propels the company forward and enables it to achieve superior results driven by market objectives and financial metrics.

According to stakeholder theory, business organizations must play an active social role in the society in which they operate. Amole, Adebisi and Awolaja (2012) argues that managers need to satisfy diverse members, investors and shareholders, employees, customers, suppliers, public and community organizations that can affect business results. A key feature of stakeholder theory is the attempt to identify the individuals and groups to which states, organizations and corporations are accountable. All stakeholders in the company, not just shareholders, must be recognized for contributing to their well-being. Ojo (2012) stated that this theory focuses on the need for banks to actively engage in corporate social responsibility because the survival of society and the successful conduct of business depend on it. Ferreira, Branco and Moreira (2012) note that “stakeholder theory predicts a positive relationship between economic performance and a firm's level of decision to engage in CSR reporting, so that successful firms disclose more information to promote themselves than less successful firms," they argue. Stakeholder theory is a theory of management and ethics that describes the various relationships between an organization and its various stakeholders. Profit maximization, stakeholder benefits and expectations are achieved simultaneously.

### **2.3.2 Carroll’s Pyramid of Social Responsibility Theory**

Carroll's pyramid of social responsibility was first discussed in 1979, when Carroll introduced the four categories of CSR (economic responsibility, legal responsibility, ethical responsibility, and philanthropic responsibility) in chronological order and considered the categories as independent, m-I just focused on my responsibilities, one with another. In 1991, Carroll first proposed a pyramid-shaped model. All four categories are equally important. In 1998, Carroll ignored the CSR pyramid and added four categories: Corporate Social Responsibility. Carroll revived the original philosophy in 2000. In 2004, Carroll revived the theory by adding the 1991 stakeholder theory, which does what global stakeholders expect. A four-part definition of CSR was first published in 1979. In 1991, Carroll published a four-part

definition and rearranged it into the shape of the CSR pyramid. The purpose of the pyramid was to distinguish the referential aspects of CSR and describe the basic elements of a four-part framework. The pyramid was chosen as the geometric design because it is simple, intuitive and built to stand the test of time. Economic responsibility is therefore placed at the bottom of the pyramid because it is a basic business requirement. Just as a building must have a solid foundation to support its integrity, sustainable profitability must be strong to meet society's other expectations of a business. The problem here is that the CSR infrastructure is built on the premise of stable and economically stable companies (Carroll 1991).

At the same time, society sends a message to companies that they must respect the law and comply. Because laws and regulations are the open codification of the ground rules by which companies must operate in civil society. For example, when considering CSR in developing countries, the presence or absence of legal and regulatory frameworks has a large impact on the investment of multinational companies because this legal infrastructure is essential to create a foundation for legitimate business growth (Carroll & Buchholz, 2003).

Businesses must also operate in an ethical manner. This means that companies have expectations and obligations to do what is fair, just and fair and to prevent or minimize harm to all stakeholders with whom they interact. Finally, businesses must be good corporate citizens. This means giving back financial, physical and human resources and contributing to the communities in which they live. Basically, pyramids are created to show the key roles that businesses play and are expected to play in society (Carroll, 1991; Carroll & Buchholz, 2003).

### **2.3.3 Social Exchange Theory**

The social exchange theory is one that draws from sociological and psychological perspectives (Homans, 1961). The theory focuses on social behaviour in the interaction of

two parties that implement a cost-benefit analysis to determine risks and benefits. Also, the theory involves economic relationships, it occurs when each party have goods that the other parties' value. The theory suggests that these calculations occur in romantic relationships, friendships, professional relationships and ephemeral relationships. The theory has been generally analyzed by comparing human interactions with the marketplace. The study of the theory from the microeconomics perspective is attributed to Blau (McCray, 2015). From his perspective, every individual is trying to maximize his wins. Blau stated that once this concept is understood, it is possible to observe social exchanges everywhere, not only in market relations but also in other social relations like friendship. The social exchange process brings satisfaction when people receive fair returns for their expenditures. Thus, it can be understood that firms envisage financial risks in the form of no returns (and negative impact on a firm's performance) when expenditures are made on corporate social responsibility. Therefore, the ability to receive returns on funds expended on CSR would encourage such expenditures in the future (McCray, 2015).

Homans' (1961) primary aim of the social theory was to explain fundamental processes of social behavior (influence, conformity, status, leadership, and justice) from the ground up. Homans believed that there was nothing that emerges in social groups that cannot be explained by propositions about individuals as individuals, together with the given condition that they happen to be interacting. He explained social behavior and the forms of social organization produced by social interaction by showing how A's behavior reinforced B's behavior (in a two party relation between actors A and B), and how B's behavior in contingent fashion reinforced A's behavior in return. This was the explicit basis for continued social interaction explained at the "sub-institutional" level. The existing historical and structural conditions were taken as given. Value in this formulation is determined by the actor's history of reinforcement and thus was also taken as a given at the initiation of an

exchange relation. Homans' primary focus was the social behavior that emerged as a result of the social process of mutual reinforcement over time. Relations could also terminate on the basis of the failure of reinforcement or as a result of too much asymmetry in the relevant rewards and costs.

### **2.3.4 Resource-Based Theory**

Proponents of the Welfare School of Thought argue that engaging in CSR is the apt thing to do; which identifies a business as being a good citizen. The resource-based view (RBV) theory gives credence to the participation of companies in CSR as it can foster a competitive advantage. Additional arguments put forward by Bratenius and Melin (2015) on CSR suggest that businesses should not ignore the cultures in which they communicate. This is because corporations are set up and run by people from the community. Therefore, profit maximization and capital accumulation are sponsored by society.

Michell and McManus (2013) noted that activities of the private sector, which have been enhanced by globalization, have impacted the lives of societies through environmental pollution and labour exploitation. Thus, it becomes inappropriate that these businesses relate with constituent groups within the society for compensation (Fordham & Robinson, 2018). For this reason, corporate social responsibility has been linked with sustainable development, recognizing that businesses should make decisions that are not only financially or economically based, but societal and environmentally inclusive (Muhaheranwa, 2015). Sustainability emerged during the 1990s and has grown into becoming a globally recognized concept following the Brundtland report of the UN World Commission on Environment in 1987 (Boso, Afrane & Inkoom, 2017). The report recognizes the importance of meeting the needs of the present generation without inhibiting the ability of future generation to satisfy their needs (Fordham & Robinson, 2018). Thus, the growth of "sustainability" has promoted

the practice of CSR, as firms are encouraged to engage in operations that sustain the global environment and promote the global economy for future generations (Boso, Afrane & Inkoom, 2017).

## **2.4 Empirical Review**

Several empirical studies provide insights on the impact of corporate social responsibility on firm performance, under different country conditions. For instance, Iqbal, Ahmad, Hamad, Bashir and Sattar (2014) carried out an empirical investigation that probed corporate social responsibility and its possible impact on a firm's financial performance in the banking sector of Pakistan, from the period of 2005-2011. Three variables were employed for the study: Donation as a component of CSR was the independent variable; while net profit margin and EPS were employed as dependent variables. Correlation analysis was employed to analyse the data. The results obtained show that there is a positive relationship between the firm disclosure of corporate social responsibility and the Firm's performance in terms of net profit margin and earning per share.

The study by Muhammad, Faisal and Muhammad (2015) examined the impact of corporate social responsibility (CSR) on the firm's financial performance. Corporate social responsibility (CSR) was measured as the summation of the donation and the environmental cost, which was obtained from annual reports of the companies over five years ranging from 2009 till 2013. The financial performance of the firms was measured as return on assets (ROA) and Tobin's Q. The sample size for the study consisted of 125 companies that are listed on the Karachi stock exchange in Pakistan. The companies which were selected for sample purpose were taken from 25 sectors. A panel regression was then performed. The results revealed that there was no significant impact of CSR on the financial performance in a short-term scenario at a 5 per cent confidence level but found a positive impact at a 10 per

cent confidence value. In the long-term scenario, the independent variable CSR has no impact on Tobin's Q for the selected companies.

Similarly, Bagh, Khan, Azad, Saddique and Khan (2017) investigated the impact of CSR on financial performance (FP) of the banking sector in Pakistan, using a sample of 30 commercial banks listed with Pakistan stock exchange for the period of 10 years from 2006 to 2015, selected based upon market capitalization. The study applied pooled regression models to investigate the impact of CSR on FP. Empirical findings signify the robustness of the pooled model that documented a positive and significant impact of CSR on return on assets, return on equity and earnings per share. This premise holds that CSR has a positive and significant impact on the FP of selected commercial banks of Pakistan. Based on key findings, this study postulates CSR phenomenon is considered an essential growth element and FP-boosting tool by the banking industry of Pakistan.

In South Africa, Chetty, Naidoo and Seetharam (2015) examined the impact of corporate social responsibility on firms' financial performance in South Africa, for the period from 2004 to 2013. The study assessed the short-term impact of CSR announcements on financial returns of firms included in or excluded from the Johannesburg Securities Exchange Socially Responsible Investment Index and sought to determine whether there is a difference in the long-term CFP between these two groups for the entire period. The event study methodology shows that investors were rewarded in 2004 and 2012, when firms entered the index, and were penalized in 2013 when firms exited the index. When using regression analysis, the various industries provide mixed results between CSR and CFP for firms over the long term. Based on these results, the study suggests that CSR activities lead to no significant differences in financial performance.

Choongo (2017) probed to know the impact of corporate social responsibility on firm performance using a longitudinal design in small and medium-sized enterprises (SMEs). The reported study was conducted in a Sub-Saharan African developing country, Zambia. Data was collected from 153 entrepreneurs in two surveys and changes in CSR and firm performance measures were analysed over 12 months using Smart PLS structural equation modelling. The findings show that the relationship between CSR and financial performance is significant. Further, findings obtained reveal the association between CSR and the two measures of firm performance (corporate reputation and employee commitment), was only partially significant over time.

Mansaray, Yuanyuan and Brima (2017) evaluated the impact of CSR disclosure (CSRdisc) on the financial performance of firms in Africa for both short and long terms. One hundred and fifty-eight listed companies were selected from six African countries (South Africa, Kenya, Nigeria, Morocco, Egypt and Mauritius) and grouped into six industry. The study measured CSR in terms of keywords count (content analysis). The researchers employed accounting-based to measure the financial performance of firms (return on assets [ROA] for short-term, and return on equity [ROE] for long-term). Multiple linear regression analysis was conducted, with a sample of panel data for a period of 11 years (2005-2015). The empirical results showed that unlike for the sales and manufacturing, health and pharmacy and other industries, CSRdisc affects the financial performance of firms in the short-run (ROA) negatively for the mining, investment and transport industries. Consequently, the study proposed that such a negative impact is an extra cost burden to the firms. Thus, CSR does not generate economic benefits for the firms in the short-run in those industries. With respect to long-term (ROE) financial performance, the majority of our results suggest positive but no significant economic benefits for the firms. Although there is a positive relationship between CSR disc and the financial performance of some firms in the long-run, the financial

performance of firms in Africa does not depend significantly on their CSR practices but rather on other factors, such as their previous performance, leverage, volume of capital, and size.

The effect of good corporate governance mechanism and corporate social responsibility on financial performance with earnings management as mediating variable was studied by Mahrani and Soewarno, (2018). The data used in the study were secondary data involving 102 companies listed on the Indonesian Stock Exchange for the period 2014. Partial least square regression was used to carry out the analysis. Number of independent board of commissioners, institutional ownership, audit quality, and corporate social responsibility score index were taken as the independent variables while return on asset, earnings per shares and Tobin Q were the dependent variables. Discretionary accruals were used to measure earnings management which is the mediating variable. The results show that the mechanism of good corporate governance and CSR has a positive effect on financial performance as well as the CSR on financial performance. The study concluded that partial mediation of earnings management is observed on the impact of good corporate governance mechanisms on financial performance.

A study in Bangladesh was carried out by Resmi, Begum and Hassan (2018), which shed light on the impact of CSR on the financial performance (FP) of Agribusiness Industries of Bangladesh, using a sample of four renowned Agribusiness industries for the period of 3 years from 2015 to 2017 through purposive sampling method. A relational research design was adopted. Data was collected from secondary sources. Regression, and correlation were used for analyzing the data and results in the discussion. The findings from the study revealed that return on equity (ROE) and net income have a significant impact on financial performance favouring those firms that do Corporate Social Responsibility, whereas; return

on assets (ROA) and earnings per share (EPS) have no significant impact on financial performance.

A study that investigated the relationship between CSR and financial performance in Indonesia and Taiwan in selected companies, was conducted by Lin and Amin (2017); which utilized panel data from the periods of 2009-2014 among 284 and 386 firms in Indonesia and Taiwan respectively. The study employed the fixed effects estimation method. CSR variable was measured using SRI Kehati Index, which represents companies who have excellent performance in promoting sustainable business, good corporate governance, and concern with environmental issues. Financial performance was measured using returns on assets. The empirical result obtained from the analysis of data shows that both Indonesia and Taiwan companies have a significant correlation with financial performance. Specifically, it was found that the effect of CSR in Taiwan is higher than in Indonesia so this indicates that CSR activities give beneficial for companies' financial performance.

Mohamud (2018) was rather concerned with unearthing the impact of corporate social responsibility on financial performance in the banking sector in East African countries. The required data were collected from the Annual report and web sites of the banks for the year 2010 to 2016 and analyzed using the Ordinary least squares (OLS) model by using Eviews9. The sample of the study consists of 35 banks in six countries. Corporate social responsibility score was obtained using content analysis of reports of the banks on various components of corporate social responsibility as reported in their audited financial reports also the variables of Financial performance was obtained from bank's financial statements. A multiple regression model was established to determine the relationship between the two variables. Control variables of GDP and financial leverage were also introduced in the regression model. The result from the data analysis showed that there is a positive strong relationship between CSR and ROA, while there is a negative relationship between CSR and ROE.

Sial, Chunmei, Khan, and Nguyen, (2018) studied corporate social responsibility, firm performance and the moderating effect of earnings management in Chinese firms for the period 2009 to 2015. Generalized method of moments (GMM) regression analysis was used for the analysis. The dependent variable used in this study was firm performance while disclosure index was employed to measure corporate social responsibility. Earnings management as the moderator variable was measured using discretionary accrual and the finding revealed that CSR has a positive and significant relationship with firm's performance; and earnings management moderated the relationship between CSR and firm performance. The results imply that high value of earnings management, which results in high level of CSR, converts to low firm performance among Chinese firms. CSR actions (only as symbolic measures) promoted by managers is a means to cover their profit management which incite an adverse effect on the company's performance.

Ashraf, Khan and Tariq (2017) carried a study that investigated the effect of corporate social responsibility (CSR) on the financial performance of banks in various Asian countries. The data for the study were collected to analyse the performance of banks from the respective bank's annual reports. The variables for the study were quantitative. Further, for analysis purpose, E-views was used to apply correlation and regression on data to check the corporate social responsibility (CSR) impact on bank's performance. Findings from the analysis of data show that Corporate Social Responsibility (CSR) exerts a positive and significant impact on the financial performance of banks. This indicates that banks are paying attention to corporate social responsibility (CSR) and even bank's customers are playing a similar role in bank's practices. The study findings confirmed the link between Corporate Social Responsibility (CSR) and the financial performance of banks.

Developed countries' studies are also characterized with no unanimous position on the impact of CSR on firm performance, though a majority of them confirmed that CSR improved firm performance in developed markets. For example, Karagiorgos (2010) carried out an empirical investigation that unearthed the relationship between CSR and firms' financial performance in Greek firms from 2000 to 2008. The study used the random effects estimation method. Based on stakeholder theory and mainly on the theory of "good management", the study sought to find out if an improvement in CSR actions results in higher stock returns. The empirical analysis tested whether there is an impact of CSR performance on stock returns, using voluntary disclosures, based on a sample of Greek listed companies. The findings show that there is a positive correlation between stock returns and CSR performance in Greek companies. At an operational level, these results aim at persuading managers to implement CSR actions to a greater extent to enhance firm market efficiency.

Djalilov, Vasylieva, Lyeonov and Lasukova (2015) examined the association between corporate social responsibility and bank performance for 16 transition countries of the former Soviet Union and Central and Eastern Europe. The aim was to investigate (1) the nature of the link between corporate social responsibility and bank performance and reasons why banks engage in corporate social responsibility, and (2) whether this is different during stable (2002-2005) and raging (2008-2012) periods. The results of the structural equation model using the data for 254 banks show that corporate social responsibility positively affects bank performance in both periods and implies that the strategic choice is the main motive of the banks to engage in corporate social responsibility for the countries investigated in the paper.

An earlier study by Fiori, di Donato and Izzo (2010) investigated the impact of the voluntary disclosure of Corporate Social Responsibility on the stock prices of listed companies in Italy to analyze whether they can somehow contribute to the increase in the stock market prices

from 2005 to 2008. They employed the pooled estimation technique. The empirical analysis of the study tested the relationship between corporate social responsibility (CSR) reports and corporate stock prices over three years, taking into account a sample of the listed Italian companies. Findings obtained from the study reveal that CSR is a relatively new issue in Italy, and most investors have a low degree of perception of the matter, and most investors are short-term oriented while CSR's impact is mostly in the medium-long term.

Dumitru and Petrache (2012) had examined the linkage between corporate social performance and corporate financial performance in the information and communication technology multinational companies of Romania between 2005 and 2010. The sample for the study consisted of 73 ICT multinational companies, selected from the 169 major ICT companies advertised on the Major Companies in Romania website, by excluding domestic firms. The study employed the fixed effects method. Firm financial performance was measured using three accounting variables: return on assets, return on equity and return on sales. The corporate social performance indicator for the study was an index proposed by KLD Research and Analytics Inc. (as described in Waddock and Graves, 1997), the economic, social, political and cultural characteristics of the Romanian market, the corporate culture of the multinational companies. Findings from the analysis of data found that improved financial performance does not necessarily lead to better corporate social performance while improving CSP does not necessarily lead to better financial performance, *ceteris paribus*.

Moenna (2014) investigated corporate social responsibility and financial performance among the EU's top fifty listed companies, between 2009 and 2013. The study engaged one accounting-based measure and one market-based measure are used to measure the FP of the selected sample companies. The study used the Pearson correlation method. The results obtained from the analysis of data suggest that there is a positive association between CSR

and FP for the top fifty listed companies from the EU using accounting-based measure ROA. However, there is no association between CSR and FP for the top fifty listed companies from the EU using market-based measure EPS.

Johansson, Karlsson and Hagberg (2015) examined the relationship between CSR and financial performance, for Swedish publicly traded companies between the periods of 2006-2009. The study is a quantitative study examining the Stockholm OMX stock exchange. The study used the fixed effects method of data analysis. Findings obtained from the analysis of data confirms that there is no positive relationship between a company's CSR performance and its accounting-based financial performance (represented by ROA); there is no positive linear relationship between a company's CSR performance and its market-based financial evaluation (represented by Tobin's Q; industry in Sweden does not significantly moderate the relationship between CSR and financial performance, and Firm size does not significantly moderate the relationship between CSR and financial performance.

Bratenius (2015) investigated whether CSR engagement has a direct impact on financial performance in the form of stock returns in Sweden. The time frame covered for the study is the years of 2006 to 2009, 2011 and 2013, in which the report has been released. To identify the reactions of investors on the report release, three samples are chosen from the total population. These are the 31 top-ranked companies, the 31 bottom-ranked companies, as well as those companies identified as "zero-performers", defined as those who received no points at all in the ranking, implying no CSR engagement. The methodology adopted for the study follows a classical approach, by using the market model for estimation of normal and abnormal returns. The estimation window covers the 126 days before the event window, and the event window covers the day before the event to the third day after the event day, i.e. day -1 to 3. Thereafter, cumulative abnormal returns, as well as abnormal returns, are calculated

to assess the potential impact of the report on stock returns. Overall, the results show that a top-ranking does not affect stock returns, whereas a bottom ranking has a negative impact. The negative impact has been consistent overall years and has increased over time. This indicates that even though top-performers within the area of CSR are not rewarded, companies are still punished for poor CSR performance. Moreover, the results show that the number of companies not engaging in CSR at all has decreased.

Lloyd (2017) investigated the relationship between Corporate Social Responsibility (CSR) and the financial performance for publicly-traded firms operating in the energy sector, among Platt's 250 Top Global Energy Companies. A regression model was used to test the hypothesis that a correlation exists between CSR and performance. The independent variable in this study was the ESG disclosure score for each firm as published by Bloomberg (2016), which represents how much CSR activities each firm discloses. The dependent variable was a series of three financial metrics – return on assets, return on equity, and EBITDA. The relationship between the independent and dependent variables was tested for statistical significance at the 10%, 5%, and 1% levels on 0-4-year intervals, with a corresponding effect size reported for each relationship. Findings obtained show that only the ROE variable exerted a significant impact on ESG disclosure.

In Nigeria, findings on the nexus between CSR and firm performance found mixed results; with a majority of studies confirming that firms that engage in CSR practice benefit from it. An earlier study from Esu (2011), examined corporate social responsibility and performance in Nigerian Deposit Money Bank. Three research hypotheses were formulated in a null form. The aim was to examine to what extent do CSR proxy vis-a-vis Community Corporate Social Responsibility (CCSR), Charity Contribution (CC) and Human Resources Development (HRM) have impacted the performance variable Return on Equity (ROE). The population of

the study comprised all the banks that survived the recapitalization exercise. A sample of seven banks was selected using a judgmental approach. The study adopted a descriptive research design as a research method. A multiple regression model was formulated to address the stated problem. Findings obtained from the empirical investigation reveal that all the hypotheses were rejected as all the proxies (independent variables) were found to have a significant impact on the performance variables at a 5% significance level.

Babalola (2012) examined the relationship between corporate social responsibility and firms' profitability in Nigeria with the use of secondary data, sourced from ten (10) randomly selected firms' annual report and financial summary between "1999-2008". The study made use of ordinary least square for the analysis of collected data. Findings from the analysis show that the sample firms invested less than ten per cent of their annual profit in social responsibility. The coefficient of determination of the result obtained shows depicts that the explanatory variable account for changes or variations in selected firms' performance (PAT) are caused by changes in corporate social responsibility (CSR) in Nigeria while recommends that laws and regulations to obligate firms to be recognized, adequate attention should be given to social accounting in terms of social costs and to comply with social responsibility should be enacted.

Akinleye and Adedayo (2017) investigated the impact of corporate social responsibility (CSR) on the profitability of multinational companies in Nigeria. Specifically, the study analyzed the relationship and impact of corporate social responsibility spending on profit after tax, as well as the causal relationship between corporate social spending and profit after tax. Five multinational companies were randomly selected in the study and data were collated from their respective financial reports for a period of five years covering 2010 to 2014. The study employed techniques including correlation analysis, pooled OLS estimation, fixed effect and

random effect estimations, granger causality estimation and post estimation tests such as restricted f-test and Hausman test. Result revealed that there is a weak negative correlation between corporate social spending and profit after tax. Corporate social spending exerts a negative insignificant impact on profit after tax, while there is only evidence for unidirectional causal relationship running from corporate social spending to profit after tax for Oando plc, among all the selected multinational companies.

Duke and Kankpang (2013) examined the effects of corporate social responsibility activities on the financial performance of firms in Nigeria from 2000 to 2011, using two hundred and seventy-five firms drawn from aviation, construction, manufacturing, mining and oil and gas industries. The study employed the pooled Ordinary Least Squares technique to test the effect of CSR; which was represented by the cost of Corporate Social Performance variables of waste management, pollution abatement, social action and fines and penalties on the financial performance of firms, measured by Return on Capital Employed. Empirical findings obtained reveal that waste management and pollution abatement are both significantly and positively associated with firm performance, while social action and fines and penalties are strongly, but negatively related. Based on these mixed results, the study recommends that firms should actively invest in proper waste management and pollution abatement, while social action should be approached with caution, and effective disclosure policies and practices put in place in order to avoid or eliminate liabilities of fines and penalties for environmental infractions.

Fodio, Abu-Abdissamad and Oba (2013) examined the contributions of CSR on market value of financial services in Nigeria for the period 2004–2008. The utilized the random effects technique. It carried out its empirical analyses with a set of control variables; which are: firm size, leverage, growth and dividend payment. Consistent with past studies, findings from the

study found a robust positive significant impact of CSR proxies (Human Resource Management and Community Development) on market value. However, using the hold-out and combinatorial methods of treating control variables, the study found mixed results. The reverse causality concern usually associated with the CSR-financial performance relationship was also addressed. Results show that sector classification and positive earnings in previous year are significant instruments in estimating CSR.

Mohammed, Zakaree and Oladele (2016) evaluated the impact of corporate social responsibility disclosure (CSR D) on the financial performance of listed manufacturing firms in Nigeria from 2005 to 2015. In specific terms, the paper examined the influence of four CSR D dimensions (human resources, environment, community and product) on the Earnings per Share (EPS) of the sampled firms. The study utilized a sample size of ten (10) manufacturing firms drawn randomly from seven (7) subsectors of the Nigerian manufacturing industry. Secondary data for the study were collected from the financial statements of the sampled firms and analyzed with the aid of multiple regression analysis. The study finds an overall significant positive association between CSR D and EPS. Furthermore, the study reveals that all the four CSR D dimensions (employee, environment, community and product) have significant positive effect on the EPS. This implies that the higher the level of CSR D, the higher the EPS.

Rabi'u, Asma'u, Jamila and Musa (2016) conducted a study that investigated the relationship between corporate social responsibility and financial performance of listed deposit money banks in Nigeria for the period of 6 years from 2008 to 2013. The data was obtained from the sample size of twelve banks through their annual reports and accounts. Corporate social responsibility was the independent variable, which was proxy by natural logarithm of the total amount spent on corporate social responsibility by banks; while return on equity and

return on assets were used to proxy financial performance as dependent variables. The study adopted multiple regression technique to analyze the data with the aid of SPSS techniques. The findings reveal that corporate social responsibility has a positive and significant impact on return on equity and return on assets as financial performance proxies of listed deposit money banks in Nigeria.

Also, Umoren, Isiavwe-Ogbari and Atolagbe (2016) investigated the Corporate Social Responsibility (CSR) disclosure practices of Nigerian quoted companies and their determinants. A checklist of 20 attributes was developed to capture the social and environmental disclosures from the annual reports of 45 companies from 8 sectors quoted on the Nigerian Stock Exchange over a two-year period (2013 to 2014). The determinants of disclosure were proxied by company size, profitability and auditor type. Company size was measured by total assets, profitability was measured by return on equity (ROE), and auditor type was measured by a dummy variable, '1' for Big 4 and '0' for otherwise. The data obtained were analysed using descriptive statistics, correlation and regression. The findings revealed that, the level of CSR was 44%, made up of social disclosure (68%) and environmental disclosure (6%). Findings also revealed that CSR was influenced by company size and auditor type; but not by profitability.

Dickson and Nwosu (2018) investigated the effect of corporate social responsibility on organizational performance of selected firms. The descriptive survey research design was adopted for this study in which a structure questionnaire was used to elicit information from the target respondents who are top managers of MTN Nigeria and NB Plc. The study used the cross sectional regression method to analyze the data. Primary data was collected and processed in the study. Forty copies of questionnaire were administered to respondents and results showed that there is relationship and result showed that there is relationship between

corporate social responsibility just as it depicts that there is relationship between employee's performance and customer satisfaction, tax payment and return on investment respectively.

Amadi and Ndu (2018) investigated the corporate performance (CP) of selected deposit money banks (DMBs) in relation to corporate social responsibility (CSR) practice. Data for the study was obtained from the annual reports of five topmost DMBs in Nigeria, which are: FBN, Zenith Bank, GT bank, UBA and Access bank). The study analysed the data using the panel fixed effects regression technique. Findings from the study found that there is positive and significant association between CSR and MS; and that there is no significant association between CSR and Liquidity. Based on this, it was concluded that banks in Nigeria can improve their market share through improved CSR practices; while liquidity cannot be improved by CSR.

Ohaka and Ogaluzor (2018) carried out a study on corporate social responsibility accounting and the effect of donations on profitability of oil and gas companies in Nigeria. The study used a cross sectional survey design to carry out the research. The population of the study was all the oil and gas companies in Nigeria. Data collected were analyzed through the simple regression analysis and partial correlation. Results of the study revealed that: Donation significantly affects Return on Equity and Donation significantly affects Net Profit of the oil and gas companies in Nigeria, Hence, from the findings of this work the research concludes that there is a strong positive relationship between CSRA and profitability; and that; Donation significantly affects the Return on Assets of the oil and gas companies in Nigeria; Donation significantly affects the return on equity of the oil and gas companies in Nigeria; Donation significantly affects the Net Profit of the oil and gas companies in Nigeria. Therefore, all the null hypotheses have been rejected and the alternative hypotheses accepted

Aigbovo and Ashafoke (2019) explored the effect of CSR on the financial performance of deposit money banks in Nigeria from 2005 to 2016. Utilizing panel data of nine sampled deposit money banks, the study revealed a significant and positive influence of CSR expenditures on the Return on Assets (ROA) of these banks. The findings suggest that institutionalizing CSR practices within the banking sector can further enhance their effectiveness in promoting sustainable financial performance.

Similarly, Sameer (2021) conducted a study to explore the connection between CSR and Financial Performance (FP) among public companies in the Maldives. Utilizing a mixed method approach over a longitudinal period from 2014 to 2018, the research gathered data from the annual reports of companies listed on the Maldives Stock Exchange (MSE). Through panel data regression techniques, the study found a significant negative correlation between CSR and Return on Assets (ROA), suggesting a substantial negative relationship between CSR and FP. These findings have significant implications for academia and the corporate sector, particularly in understanding the dynamics of CSR and FP in developing countries like the Maldives.

Liu, Saleem, Shabbir, Shabbir, Irshad, and Khan (2021) explored the relationship between CSR and financial performance in the context of fintech technology in Chinese banks from 2009 to 2018. Utilizing datasets of Chinese banks, the study revealed mixed results, with some CSR variables showing significant positive influences on ROA while others were insignificant. The study highlights the complexity of the relationship between CSR and financial performance, particularly in emerging sectors like fintech.

Solanke, Olugbamiye, Olasehinde, Efuntade, Olaniyi, and Kolawole (2022) investigated the effect of CSR on the financial performance of listed oil and gas

companies in Nigeria. Utilizing secondary data sources, including financial reports and accounts from five oil and gas companies in Nigeria covering the period from 2011 to 2020, the study utilized regression analysis. Surprisingly, their findings revealed no statistically significant relationship between CSR activities and the return on assets (ROA) of these companies within the Nigerian oil and gas sector. Consequently, the study concluded that CSR does not significantly impact the financial performance of the listed oil and gas industry in Nigeria.

Nguyen (2022) examine the indirect linkage between corporate social responsibility (CSR) and firm performance via the effects of customer satisfaction and bank reputation. The study applies Structural Equation Modelling (SEM) to a sample of top managers, finance managers, chief accountants, and employees in Vietnamese state-owned commercial banks. Surveys collection process was conducted in July to December 2021 The findings explore the statistically significant effect of CSR on bank performance under the mediating role of customer satisfaction and bank reputation, which are not concerned by previous studies. The research results show that customer satisfaction and the bank's reputation promote a positive relationship between CSR and bank performance.

Halima and Bandi (2022) find showed that prior financial performance had a significant positive effect, and that there were strong positive effects between the variables under investigation. CSR expenditure has a significant positive impact on current financial performance in the Nigerian banking sector. The study found a favorable correlation between banks' CSR and their financial performance. As a result, banks should diversify their CSR programs and increase their commitment to CSR for both financial and social benefits.

Adedipe, Adekunle and Adekunle (2023) examined the impact of corporate social responsibility (CSR) on the financial performance of quoted deposit money banks in Nigeria.

It analysed the trend of return on capital employed and examined the effect of corporate social responsibility on the return on capital employed of quoted deposit money banks in Nigeria. These were with the view to making significant contribution to the discussion on corporate social responsibility and financial performance of quoted deposit money banks in Nigeria. Descriptive research design was employed to achieve the objective. Purposive sampling technique was used to select the sample. Data were obtained from secondary sources for a period of ten (10) years. Data analysis was done using descriptive statistics and regression statistical technique. The study revealed that CSRS has significant effect on ROCE of the deposit money banks selected during the period of the study. The study reported a significant relationship between corporate social responsibility and financial performance of quoted deposit money banks in Nigeria between 2012 and 2021.

The impact of CSR on the performance of South Africa's top commercial banks was investigated by Naurikay and Obalande (2023). Annual time series data covering the years 2002–2021 were used. To give solid data, this study adds to the body of existing literature by investigating the impact of CSR on various financial performance metrics, including return on assets (ROA), net profit after tax (NPAT), and net profit margin (NPM). The direction of the association between CSR and FP was investigated using a correlation analysis. Regression analysis was also used in the study to look at how CSR affected FP. Overall, the results show that CSR has a beneficial impact on Standard Bank and Nedbank's ROA, NPAT, and NPM. This result is consistent with most research on the connection between FP and CSR. This implies that CSR aids in enhancing banks' performance. The report suggests that regulations that promote investment in CSR be put in place by South Africa's regulatory body.

Jibril, Abdulaziz, and Haruna (2023) undertook a study aimed at examining the impact of Corporate Social Responsibility (CSR) activities on the financial performance of

consumer firms listed in Nigeria, with a specific focus on Return on Assets (ROA). By analyzing data from 13 audited financial statements of quoted companies in Nigeria spanning from 2011 to 2021, the researchers employed multiple regression models. Their findings revealed a significant positive relationship between CSR activities and ROA, indicating that CSR initiatives can enhance the financial performance of consumer firms.

Islam and Akash (2023) investigate this correlation by examining the listed banks in the Dhaka Stock Exchange (DSE) in Bangladesh. The research encompasses 135 observations from 27 banks, covering the period from 2016 to 2020. Data for the study were collected from the annual reports of the respective banks. To explore the association between the variables, a random effect regression model was employed based on the Hausman test. The findings reveal a significant positive impact of total assets and net profit on CSR.

Nwikpo and Etale (2024) examine the nexus between corporate social responsibility and financial performance of First Bank Limited in Nigeria. The financial performance of commercial banks in Nigeria pertains to the detailed analysis and disclosure of specific factors influencing the after tax profit, the effectiveness of credit risk management practices, and the impact of macroeconomic variables on asset quality, which are crucial for assessing the overall health and stability of the banking sector. The specific objectives were to: ascertain the effect of social expenditure on profit after tax; and determine the effect of environmental expenditure on profit after tax of First Bank Limited. Ex-post facto “design was adopted for this study. Ex-post facto design was used since the researcher relied on historic or secondary accounting data obtained from published annual financial statements of the bank for a period of ten years covering 2013 to 2022. The finding of the study indicates that: there is a positive and significant effect of social expenditure on profit after tax; and

there is a positive and significant effect of environmental expenditure on profit after tax of First Bank Limited.

Agbeyinka (2025) investigate the impact of corporate social responsibility on bank's performance in Nigeria. The ex-post-facto research design was adopted, and the study focused on selected banks. A yearly panel series data from 2007-2016 were sourced from the banks' annual reports and Nigerian Exchange Group. The data was subjected to panel regression analysis to estimate the parameters of the model. The findings revealed that CSR have a significant and positive impact on net profit margin, suggesting that firms actively engaged in corporate social responsibility initiatives tend to experience better profitability. The analysis also shows a negative relationship between corporate social responsibility and earnings per share, indicating that corporate social responsibility may contribute to long-term value creation. Firm size emerges as a crucial factor in determining financial performance. Larger firms generally enjoy higher returns on equity and are more efficient in utilizing their assets to generate returns.

## 2.5 Summary of Empirical Review

**Table 2.1: Tabular summary of empirical review**

<b>S/N</b>	<b>Author(s)/Year</b>	<b>Country of study</b>	<b>Period of study</b>	<b>Methodology</b>	<b>Findings</b>
1.	Iqbal, Ahmad, Hamad, Bashir and Sattar (2014)	Pakistan	2005-2011	Panel OLS	The results obtained show that there is a positive relationship between the firm

S/N	Author(s)/Year	Country of study	Period of study	Methodology	Findings
					disclosure of corporate social responsibility and the Firm's performance in terms of net profit margin and earning per share.
2.	Muhammad, Faisal and Muhammad (2015)	Pakistan	2009-2013	Panel OLS	The results revealed that there was no significant impact of CSR on the financial performance in a short-term scenario at a 5 per cent confidence level but found a positive impact at a 10 per cent confidence value. In the long-term scenario, the independent variable CSR has no impact on Tobin's Q for the selected companies.
3.	Bagh, Khan, Azad, Saddique and Khan (2017)	Pakistan	2006-2015	Pooled OLS	Empirical findings signify the robustness of the pooled model that documented a positive and significant impact of CSR on return on assets, return on equity and earnings per share. This premise holds that CSR has a positive and significant impact on the FP of selected commercial banks of Pakistan.
4.	Chetty, Naidoo and Seetharam (2015)	South Africa	2004-2013	Panel OLS	The study shows that investors were rewarded in 2004 and 2012, when firms entered the index, and were penalized in 2013 when firms exited the index. When using regression analysis, the various industries provide mixed results between CSR and CFP for firms over the long term.

S/N	Author(s)/Year	Country of study	Period of study	Methodology	Findings
5.	Choongo (2017)	Zambia	12 months	Smart PLS structural equation modeling	The findings show that the relationship between CSR and financial performance is significant. Further, findings obtained reveal the association between CSR and the two measures of firm performance (corporate reputation and employee commitment), was only partially significant over time.
6.	Mansaray, Yuanyuan and Brima (2017)	Six African countries (South Africa, Kenya, Nigeria, Morocco, Egypt and Mauritius)	2005-2015	Panel OLS	The empirical results showed that unlike for the sales and manufacturing, health and pharmacy and other industries, CSR disclosure affects the financial performance of firms in the short-run (ROA) negatively for the mining, investment and transport industries.
7.	Mahrani and Soewarno, (2018)	Indonesia	2014	Partial least square regression	The results show that the mechanism of good corporate governance and CSR has a positive effect on financial performance as well as the CSR on financial performance.
8.	Resmi, Begum and Hassan (2018)	Bangladesh	2015-2017	Panel OLS	The findings from the study revealed that return on equity (ROE) and net income have a significant impact on financial performance favouring those firms that do Corporate Social Responsibility, whereas; return on assets (ROA) and earnings per share (EPS) have no significant impact on financial performance.
9.	Lin and Amin	Indonesia	2009-	Panel OLS	The empirical result

S/N	Author(s)/Year	Country of study	Period of study	Methodology	Findings
	(2017)	and Taiwan	2014		obtained from the analysis of data shows that both Indonesia and Taiwan companies have a significant correlation with financial performance. Specifically, it was found that the effect of CSR in Taiwan is higher than in Indonesia so this indicates that CSR activities give beneficial for companies' financial performance.
10.	Mohamud (2018)	East African countries	2010-2016	OLS	The result from the data analysis showed that there is a positive strong relationship between CSR and ROA, while there is a negative relationship between CSR and ROE.
11.	Sial, Chunmei, Khan, and Nguyen, (2018)	China	2009-2015	Generalized method of moments (GMM) regression analysis	The finding revealed that CSR has a positive and significant relationship with firm's performance; and earnings management moderated the relationship between CSR and firm performance.
12.	Ashraf, Khan and Tariq (2017)	Asian countries		Panel OLS	Findings from the analysis of data show that Corporate Social Responsibility (CSR) exerts a positive and significant impact on the financial performance of banks. This indicates that banks are paying intention to corporate social responsibility (CSR) and even bank's customers are playing a similar role in bank's practices.
13.	Karagiorgos (2010)	Greece		Panel OLS	The findings show that

S/N	Author(s)/Year	Country of study	Period of study	Methodology	Findings
					there is a positive correlation between stock returns and CSR performance in Greek companies.
14.	Djalilov, Vasylieva, Lyeonov and Lasukova (2015)	16 transition countries of the former Soviet Union and Central and Eastern Europe	2002-2005 and 2008-2012	Structural equation modelling	The results of the structural equation model using the data for 254 banks show that corporate social responsibility positively affects bank performance in both periods
15.	Fiori, di Donato and Izzo (2010)	Italy		Panel OLS	Findings obtained from the study reveal that CSR is a relatively new issue in Italy, and most investors have a low degree of perception of the matter, and most investors are short-term oriented while CSR's impact is mostly in the medium-long term.
16.	Dumitru and Petrache (2012)	Romania	2005-2010	Panel OLS	Findings from the analysis of data found that improved financial performance does not necessarily lead to better corporate social performance while improving CSP does not necessarily lead to better financial performance, ceteris paribus.
17.	Moenna (2014)	Europe	2009-2013	Panel OLS	The results obtained from the analysis of data suggest that there is a positive association between CSR and FP for the top fifty listed companies from the EU using accounting-based measure ROA. However, there is no association between CSR and FP for the top fifty listed

S/N	Author(s)/Year	Country of study	Period of study	Methodology	Findings
					companies from the EU using market-based measure EPS.
20.	Johansson, Karlsson and Hagberg (2015)	Sweden	2006-2009	Panel OLS	Findings obtained from the analysis of data confirms that there is no positive relationship between a company's CSR performance and its accounting-based financial performance (represented by ROA); there is no positive linear relationship between a company's CSR performance and its market-based financial evaluation (represented by Tobin's Q; industry in Sweden does not significantly moderate the relationship between CSR and financial performance, and Firm size does not significantly moderate the relationship between CSR and financial performance.
21.	Bratenius (2015)	Sweden	2006 to 2009, 2011 and 2013	Classical approach	the results show that a top-ranking does not affect stock returns, whereas a bottom ranking has a negative impact. The negative impact has been consistent overall years and has increased over time.
22.	Lloyd (2017)	Platt's 250 Top Global Energy Companies		Regression analysis	Findings obtained show that only the ROE variable exerted a significant impact on ESG disclosure.
23.	Adeyemo (2018)	Europe	2009-2017	Regression analysis	Findings obtained from the study reveal that CSR has a different significant effect on firm financial

S/N	Author(s)/Year	Country of study	Period of study	Methodology	Findings
					performance depending on the industry and sector of the firms. Also, it was noted that the CSR effect on firm financial performance depends a lot on so many other factors which include industry and sector of firms.
24.	Esu (2011)	Nigeria		Regression analysis	Findings obtained from the empirical investigated reveal that all the hypotheses were rejected as all the proxies (independent variables) were found to have a significant impact on the performance variables at a 5% significance level.
25.	Babalola (2012)	Nigeria	1999-2008	OLS	Findings from the analysis show that the sample firms invested less than ten per cent of their annual profit in social responsibility.
26.	Akinleye and Adedayo (2017)	Nigeria	2010-2014	pooled OLS estimation, fixed effect and random effect estimations, granger causality estimation	Result revealed that there is a weak negative correlation between corporate social spending and profit after tax. Corporate social spending exerts a negative insignificant impact on profit after tax, while there is only evidence for unidirectional causal relationship running from corporate social spending to profit after tax for Oando plc, among all the selected multinational companies.
27.	Earlier, Duke and Kankpang (2013)	Nigeria		Cross regression analysis	Empirical findings obtained reveal that waste management and pollution abatement are

S/N	Author(s)/Year	Country of study	Period of study	Methodology	Findings
					both significantly and positively associated with firm performance, while social action and fines and penalties are strongly, but negatively related.
28.	Fodio, Abu-Abdissamad and Oba (2013)	Nigeria	2004-2008	Regression analysis	The study found mixed results. The reverse causality concern usually associated with the CSR-financial performance relationship was also addressed. Results show that sector classification and positive earnings in previous year are significant instruments in estimating CSR.
29.	Mohammed, Zakaree and Oladele (2016)	Nigeria		Regression analysis	The study finds an overall significant positive association between CSRD and EPS. Furthermore, the study reveals that all the four CSRD dimensions (employee, environment, community and product) have significant positive effect on the EPS. This implies that the higher the level of CSRD, the higher the EPS.
30.	Rabi'u, Asma'u, Jamila and Musa (2016)	Nigeria	2008-2013	OLS	The findings reveal that corporate social responsibility has a positive and significant impact on return on equity and return on assets as financial performance proxies of listed deposit money banks in Nigeria.
31.	Umoren, Isiauwe-Ogbari and Atolagbe (2016)	Nigeria	2013-2014	OLS	The findings revealed that, the level of CSR was 44%, made up of social disclosure (68%) and environmental

S/N	Author(s)/Year	Country of study	Period of study	Methodology	Findings
					disclosure (6%). Findings also revealed that CSR was influenced by company size and auditor type; but not by profitability.
32.	Dickson and Nwosu (2018)	Nigeria		Cross sectional analysis	result showed that there is relationship between corporate social responsibility just as it depicts that there is relationship between employee's performance and customer satisfaction, tax payment and return on investment respectively.
33.	Amadi and Ndu (2018)	Nigeria		Regression analysis	Findings from the study found that there is positive and significant association between CSR and MS; and that there is no significant association between CSR and Liquidity.
34.	Ohaka and Ogaluzor (2018)	Nigeria		Regression analysis	Results of the study revealed that: Donation significantly affects Return on Equity and Donation significantly affects Net Profit of the oil and gas companies in Nigeria.
	Aigbovo and Ashafoke (2019)	Nigeria	2005 - 2016	Panel data regression Technique	The findings suggest that institutionalizing CSR practices within the banking sector can further enhance their effectiveness in promoting sustainable financial performance.
	Sameer (2021)	Maldives	2014 – 2018	Panel data regression Technique	the study found a significant negative correlation between CSR and Return on Assets (ROA), suggesting a substantial negative relationship between

S/N	Author(s)/Year	Country of study	Period of study	Methodology	Findings
					CSR and FP. These findings have significant implications for academia and the corporate sector, particularly in understanding the dynamics of CSR and FP in developing countries like the
	Liu, Saleem, Shabbir, Shabbir, Irshad, and Khan (2021)	China	2009 - 2018	Panel data regression Technique	the study revealed mixed results, with some CSR variables showing significant positive influences on ROA while others were insignificant.
	Solanke, Olugbamiye, Olasehinde, Efuntade, Olaniyi, and Kolawole (2022)	Nigeria	2011 - 2020	Regression analysis	Findings revealed no statistically significant relationship between CSR activities and the return on assets (ROA) of these companies within the Nigerian oil and gas sector.
	Nguyen (2022)	Vietnam	July to December 2021	Structural Equation Modelling (SEM)	The findings explore the statistically significant effect of CSR on bank performance under the mediating role of customer satisfaction and bank reputation, which are not concerned by previous studies. The research results show that customer satisfaction and the bank's reputation promote a positive relationship between CSR and bank performance.
	Adedipe, Adekunle and Adekunle (2023)	Nigeria	2012 and 2021	Panel data regression Technique	The study reported a significant relationship between corporate social responsibility and financial performance of quoted deposit money

S/N	Author(s)/Year	Country of study	Period of study	Methodology	Findings
					banks in Nigeria
	Naurikay and Obalande (2023).	South Africa	2002–2021	Regression analysis	Findings show that CSR has a beneficial impact on Standard Bank and Nedbank's ROA, NPAT, and NPM.
	Jibril, Abdulaziz, and Haruna (2023)	Nigeria	2011 - 2021	Regression analysis	Their findings revealed a significant positive relationship between CSR activities and ROA, indicating that CSR initiatives can enhance the financial performance of consumer firms.
	Islam and Akash (2023)	Bangladesh	2016 - 2020	Random effect regression	The findings reveal a significant positive impact of total assets and net profit on CSR.
	Nwikpo and Etale (2024)	Nigeria	2013 - 2022	Regression analysis	The finding of the study indicates that: there is a positive and significant effect of social expenditure on profit after tax; and there is a positive and significant effect of environmental expenditure on profit after tax of First Bank Limited.
	Agbeyinka (2025)	Nigeria	2007-2016		The findings revealed that CSR have a significant and positive impact on net profit margin. The analysis also shows a negative relationship between corporate social responsibility and earnings per share. Firm size emerges as a crucial factor in determining financial performance.

Source: Author's compilation, (2025).

## 2.6 Gaps in the Reviewed Literature

From the review of prior related literature, it was observed that empirical studies on the nexus between corporate social responsibility and firm performance have been given so much attention in developed continents such as the USA, Europe, and Asia also in Canada, Spain, China South Korea etc. However, in the continent of Africa a handful of related studies have been documented in South Africa and even fewer in Nigeria. Specifically, in all the studies that were reviewed from the Nigerian perspective, no study considered the effects of the various components of corporate social responsibility on deposit money banks in Nigeria. Most studies only focused attention on the aggregate effect of corporate social responsibility without considering its various components such as: economic responsibility, environmental responsibility, philanthropic responsibility, ethical responsibility, and corporate governance.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

This chapter gives an overview of the methods, the procedures and the sequential steps the researcher intends to adopt in the research to ensure that the results of investigation are

dependable, accurate and valid. It presented a careful description of the research design, population and sample of the study, sources of data, model specification, methods of data analysis and operationalization and measurement of variables.

### **3.2 Research Design**

Research design involved a format on systematic method of data gathering, procedures and method of analyzing necessary data (Onwulmere, 2005; Ibe, 2003). The study being an empirical analysis of the impact of corporate social responsibility on deposit money banks' (DMBs) performance, secondary data were used. *Ex-post facto* research design was employed in obtaining, analyzing and interpreting the relevant data for hypotheses testing. The rationale for the *ex-post facto* research design is that it enables the researcher the opportunity of observing one or more variables over a period of time (Uzoagulu, 1998).

### **3.3 Population and Sample Size**

The population of this study consists of all DMBs quoted on the Nigerian Exchange Group (NGX). There are about 12 deposit money banks listed on the Nigerian Exchange Group (NGX) as at 31st December, 2023. The sampled banks were selected based on availability of data for the period 2011 to 2023. The choice of data scope was based on availability of data for most of the selected DMBs. Essentially, the study selected the 12 listed banks on the NGX.

### **3.4 Sources of Data**

The study used secondary data. The data were obtained from the annual financial reports and accounts of the selected banks listed on Nigerian Exchange Group (NGX) for the period

2011-2023. Thus, the validity of this research was largely dependent on the accuracy and authenticity of the periodical reports released by the banks.

### **3.5 Theoretical Framework**

The theoretical framework for this study was based on the social exchange theory. The theory draws from sociological and psychological perspectives, wherein it focuses on the social behaviour of two interaction parties. The theory believes that such interaction and relationship involve the implementation of a cost-benefit analysis perspective. In other words, the theory notes that relationships between two parties are based on evaluating the benefits and losses of one part to the other party in the course of the relationship. The theory suggested that these evaluations occur in romantic relationships, friendships, professional relationships and ephemeral relationships. The theory has been generally analyzed by comparing human interactions with the marketplace. The study of the theory from the microeconomics perspective is attributed to Blau (McCray, 2015). From his perspective, every individual is trying to maximize his wins. Blau stated that once this concept is understood, it is possible to observe social exchanges everywhere, not only in market relations but also in other social relations like friendship. The social exchange process brings satisfaction when people receive fair returns for their expenditures. Thus, it can be understood that firms envisage financial risks in the form of no returns (and negative impact on a firm's performance) when expenditures are made on corporate social responsibility. Therefore, the ability to receive returns on funds expended on CSR would encourage such expenditures in the future (McCray, 2015).

### **3.6 Model Specification**

The empirical model of this study, drawing from the theoretical framework, was based on the works of Umoren, Isiavwe & Atolagbe (2016); Babalola (2012); and Akinleye and Adebayo (2017). The model was augmented by employing economic responsibility, philanthropic responsibility, and ethical responsibility while controlling for corporate governance and number of years of the bank from the date of its incorporation. The model for this study was specified as follows:

$$ROA = f(ECR, PHR, ETR, COG, AGE) \quad 3.1$$

Where:

ROA = return on assets (firm's performance variable) which can be measured as net profit after tax divided by shareholders fund.

ECR = Economic responsibility

PHR = Philanthropic responsibility

ETR = Ethical responsibility

COG = Corporate governance

AGE = number of years of the bank from the date of its incorporation

Thus, we can specify our empirical model in econometric form as follows:

$$ROA_{it} = \beta_0 + \beta_1 ECR_{it} + \beta_2 PHR_{it} + \beta_3 ETR_{it} + \beta_4 COG_{it} + \beta_6 AGE_{it} + \delta_i + \gamma_t + \varepsilon_{it} \quad 3.2$$

Where:

i is the firm index

t stands for time in years

$\delta_i$  and  $\gamma_t$  represent cross-section or period specific effects (random or fixed)

$\varepsilon_{it}$  is the idiosyncratic term

All the other variables are as already defined. From a priori considerations, it was expected that components of corporate social responsibility, firm size, and age are expected to be positively to firm performance, that is:

$$\beta_1 \text{ to } \beta_7 > 0.$$

The presence of cross-section and period specific effects terms  $\delta_i$  and  $\gamma_t$  may be handled using fixed or random effects methods. We may, with some restrictions, specify models containing effects in one or both dimensions, for example, a fixed effect in the cross-section dimension, a random effect in the period dimension, or a fixed effect in the cross-section and a random effect in the period dimension.

Thus, in estimating a fixed effects model, the fixed effects portions of specifications are handled using orthogonal projections. In the simple one-way fixed effect specifications and the balanced two-way fixed specification, these projections involve the approach of removing cross-section or period specific means from the dependent variable and exogenous regressors, and then performing the specified regression using the demeaned data (see, for example Baltagi, 2005).

On the other hand, the random effects specifications assume that the corresponding effects  $\delta_i$  and  $\gamma_t$  are realizations of independent random variables with mean zero and finite variance. Most importantly, the random effects specification assumes that the effect is uncorrelated with the idiosyncratic residual,  $\varepsilon_{it}$ . Thus, the random effects model is specified as:

$$ROA_{it} = \beta_0 + \beta_1 ECR_{it} + \beta_2 PHR_{it} + \beta_3 ETR_{it} + \beta_4 COG_{it} + \beta_6 AGE_{it} + \mu_{it} \quad 3.3$$

Where:  $\mu_{it} = \delta_i + \gamma_t + \varepsilon_{it}$  and  $\mu_{it}$  is the composite error term.

A central assumption in random effects estimation is the assumption that the random effects are uncorrelated with the explanatory variables. One common method for testing this

assumption was to employ a Hausman (1978) test to compare the fixed and random effects estimates of coefficients (see Wooldridge, 2002 and Baltagi, 2005). It tests the hypothesis that the random effects (components) are correlated with the right-hand side variables in a panel or pool equation setting. It compares the results from the estimated random effects specification and a corresponding fixed effects specification. If the estimated specification involves two-way random effects, three separate tests were performed; one for each set of effects, and one for the joint effects.

### 3.7 Measurements of Variables

Table 3.1 shows the measurements of the dependent, independent and control variables of the study.

**Table 3.1: Measurement of Variables**

S/N	Variable Type	Variable Name/Measurement	Author Cited
1.	Return on asset (ROA) (Dependent variable)	Earnings before interest tax/Average total asset	Amadi and Ndu (2018)
	<b>Independent Variables</b>		
1.	Economic responsibility (ECR)	Total number of employees in the bank	Adeyanju, 2019
2.	Philanthropic responsibility (PHR)	Number of community engagement initiatives supported by the bank	Broccardo et al. 2022
3.	Ethical responsibility (ETR)	Company ethics index	Costantini and Panfilo, 2022
4.	Corporate governance (COG)	Corporate governance is measured by board independence using the percentage of independent directors on the board	Banga, 2015; Dada, 2015
5.	Number of years of the bank from the date of its incorporation (AGE)	number of years of the bank from the date of its incorporation	Amadi and Ndu (2018)

**Source:** Author's compilation (2025).

### 3.8 Method of Data Analysis

The method of data analysis was panel data estimation technique. Panel estimation techniques of fixed and random effects are adopted in this study. Panel data estimation allows

for the control of individual-specific effects usually unobservable which may correlate with other explanatory variables included in the specification of the relationship between dependent and explanatory variables (Hausman & Taylor, 1981).

The random effect was used if the individual specific component is assumed to be random with respect to the explanatory variables. The fixed effect was used if the individual specific component was not independent with respect to the explanatory variables. Decisions between pooled and random effect model were made using Lagrangian Multiplier test (LM). The significance of this test signifies that random effect model was preferred to pool and this would necessitate the use of Hausman specification test to determine whether the random was further preferred to fixed effect model. If the Hausman test was not significant then the random model will be selected, otherwise fixed effect were interpreted.

The basic framework for panel data regression takes the form.

$$Y_{it} = \beta X_{it} + \alpha Z_i + \varepsilon_{it} \quad 3.4$$

From equation (3.4) above, the heterogeneity or individual effect was  $Z_i$  which may represent a constant term and a set of observable and unobservable variables (Individual effect). When the individual effect,  $Z_i$  contains only a constant term, OLS estimation provides a consistent and efficient estimates of the underlying parameters (Kyereboah-Coleman, 2007); but if  $Z_i$  is un-observable and correlated with  $X_{it}$ , then emerges the need to use other estimation method because OLS will give rise to biased and inconsistent estimates.

Similarly for endogeneity issues, it was generally assumed that the explanatory variables on the right hand side of the regression equation are statistically independent of the disturbance  $\varepsilon_{it}$  such that the disturbance term  $\varepsilon_{it}$  was assumed to be uncorrelated with columns of the parameters  $X_{it}$  and  $Z_i$  as stated in equation (4), and has zero mean and constant variance  $\sigma^2$  (Hausman & Taylor, 1981; Nakamura & Nakamura, 1981). If this assumption is violated,

then OLS estimation would yield biased estimates of the underlying parameters of  $\beta$  (Mayston, 2002). Hence, endogeneity problems arise when the explanatory variables are correlated with the disturbance term  $\varepsilon_{it}$ .

## CHAPTER FOUR

### DATA PRESENTATION AND ANALYSIS

#### 4.1 Introduction

The major objective of this study was to examine the relationship between corporate social responsibility and the performance of deposit money banks in Nigeria. This chapter focuses on the empirical evaluation of the study on the basis of the data obtained from the annual financial reports and accounts of the selected banks listed on Nigerian Exchange Group (NGX) for the period 2011-2023. This chapter presents the empirical results and their analyses. The initial characterization of the data was done with the presentation of descriptive statistics. Next, the correlation matrix among the variables is reported. Finally, the regression results of the fixed effects and random effects models are presented.

The results of the descriptive statistics are reported in Table 4.1 below. In Table 4.1, return on asset (ROA) has a mean of 0.31 over the period 2011 to 2023. The maximum and minimum amounts of ROI are 0.61 and 0.11 respectively. Its skewness value is 0.44 indicating that the distribution of ROA is positively skewed about its mean. Its Kurtosis (3.07) shows that the distribution is normal. The Jarque-Bera value of 3.16 with probability value of 0.21 suggests that the variable is normally distributed about its mean.

Economic responsibility (ECR) proxy by total number of employees has a mean of 22.8. The maximum and minimum amounts of employees for the period are 31.6 and 12.19 respectively. Its skewness value is 2.73 and it indicates that the distribution of ECR is slightly skewed to the right. Its Kurtosis (6.14) indicates that the distribution is peaked. The Jarque-Bera value of 43.13, with probability value less than 0.001 suggests that the variable is not normally distributed.

Philanthropic responsibility (PHR) has a mean index of 1.03. The maximum and minimum indexes of PHR for the period are 6.38 and 0.05 respectively. The value of skewness for TDR is 3.0. This means that the distribution of PHR is skewed to the right. Its kurtosis value of 11.08 which is higher than 3 indicates that the distribution of PHR is peaked. Jarque-Bera value of 404.78 with probability value less than the critical value of 5% indicates that PHR is not normally distributed.

Ethical responsibility index (ETR) for the period under review is 2.21. The maximum and minimum values of ETR are 9.58 and 0.012 respectively. The skewness value (1.28) shows that ETR is positively skewed. Its Kurtosis (3.57) indicates that the distribution is peaked. The Jarque-Bera value of 27.39 with probability value less than 0.01 suggests that the variable is not normally distributed.

For corporate governance (COG), the mean value for the period under review is 9.94. Its maximum and minimum values for the period are 18.7 and 4.67 respectively. Its skewness (0.61) shows that the distribution of COG is positively skewed. Its Kurtosis (3.22) indicates that the distribution is normal. The Jarque-Bera statistic (6.20) indicates that the variable is normally distributed at the 1% level of significance.

Age of the bank (AGE) has a mean of 22.77 over the period of review. The maximum and minimum amounts of AGE for the period are 33 and 13 respectively. The value of skewness for AGE distribution is 0.01. This means that its distribution is slightly skewed to the right. Its kurtosis value of 2.46 which is less than 3 indicates that the distribution is relatively flat. Jarque-Bera value of 1.19 with probability value (0.55) indicates that AGE is normally distributed.

**Table 4.1: Descriptive Statistics**

	<b>ROA</b>	<b>ECR</b>	<b>PHR</b>	<b>ETR</b>	<b>COG</b>	<b>AGE</b>
Mean	0.314818	22.8183	1.026088	2.205750	9.93961	22.77083
Maximum	0.613988	31.5897	6.277040	9.579319	18.77314	33.00000
Minimum	0.113671	12.19	0.047111	0.0124	4.6748	13.00000
Std. Dev.	0.105040	1.450365	1.236260	2.251304	19.70533	4.621413
Skewness	0.442633	2.728365	2.995543	1.276995	0.612929	0.011585
Kurtosis	3.071558	6.135790	11.08090	3.569885	3.221832	2.455143
Jarque-Bera	3.155261	43.12964	404.7759	27.39055	6.207754	1.189622
Probability	0.206464	0.000000	0.000000	0.000001	0.044875	0.551667

*Source: Author's computation (2025) using E-View 8.0*

### 4.3 Pair-wise Correlation

The correlation matrix for all the variables in the study is reported in Table 4.2.

**Table 4.2: Pair-wise Correlation Matrix**

	<b>ROA</b>	<b>ECR</b>	<b>PHR</b>	<b>ETR</b>	<b>COG</b>	<b>AGE</b>
<b>ROA</b>	1.000000					
<b>ECR</b>	0.025733	1.000000				
<b>PHR</b>	0.067957	-0.045327	1.000000			
<b>ETR</b>	0.023090	0.190750	-0.139814	1.000000		
<b>COG</b>	0.342472	-0.033467	0.020586	-0.063437	1.000000	
<b>AGE</b>	0.146145	0.119543	-0.239050	0.010181	0.118739	1.000000

*Source: Author's Computation (2025) using E-View 8.0*

From Table 4.2, the correlation statistics between return on asset (ROA) and each of the explanatory variables in the bank performance model are positive indicating that the explanatory variables move in the same direction with bank performance. Specifically, economic responsibility (ECR) is positively correlated with bank performance. It reveals that economic responsibility and bank performance deviate in the same direction. Also, philanthropic responsibility is directly related to bank performance. This shows that philanthropic responsibility and bank performance move in the same direction. Similarly ethical responsibility is positively correlated with bank performance. It implies that more ethical responsibility activities are associated with improved bank performance and vice

versa. Furthermore, corporate governance and years of banks in operation are positively related to bank performance. The results reveal that improve corporate governance and more years of banking operations are associated with improved bank performance.

#### 4.4 Analysis of Granger Causality Tests

The results of the Granger causality test are reported in Table 4.3 below.

**Table 4.3: Pairwise Granger Causality Tests**

Null Hypothesis:	Obs	F-Statistic	Prob.
ECR does not Granger Cause ROA	71	9.84986	0.0021
ROA does not Granger Cause ECR		7.83022	0.0405
PHR does not Granger Cause ROA	70	8.58954	0.0375
ROA does not Granger Cause PHR		6.26029	0.0416
ETR does not Granger Cause ROA	69	11.40123	0.0012
ROA does not Granger Cause ETR		12.90972	0.0165
COG does not Granger Cause ROA	69	10.51439	0.0003
ROA does not Granger Cause COG		19.51805	0.0012
AGE does not Granger Cause ROA	72	7.56653	0.0132
ROA does not Granger Cause AGE		5.53037	0.1218

*Source: Author's Computation (2025) using E-View 8.0*

In Table 4.3, the pair-wise Granger causality tests revealed that economic responsibility (ECR) does Granger cause return on asset (ROA). On the other hand, ROA also Granger causes ECR. This, therefore, implies that there exists a bidirectional relationship between ROA and ECR. The test showed that causality exists between philanthropic responsibility (PHR) and return on asset (ROA). That is, causality runs between each variable to the other. It follows that a bi-causal relationship exists between ROA and PHR. Ethical responsibility

(ETR) was found to Granger cause return on asset (ROA) and ROA does Granger cause ETR. Hence, causality runs from ETR to ROA and vice versa. Similarly, corporate governance (COG) Granger causes return on asset (ROA) and ROA does Granger cause COG. Hence, there exists a bidirectional causality between COG and ROA. Again, Age of the bank (AGE) Granger causes return on asset (ROA) but on the other hand, AGE does not Granger cause ROA. Hence, a unidirectional causality runs from AGE to ROA but not vice versa.

#### 4.5 Presentation and Interpretation of Regression Results

The results of the Fixed Effects model are presented in Table 4.4 below.

**Table 4.4: Estimated Coefficients of the Fixed Effects Model**

Dependent Variable: ROA				
<i>Regressor</i>	Coefficient	Standard Error	T-Ratio	Probability
<i>ECR</i>	0.523405	0.171405	3.053616	0.0056
<i>PHR</i>	0.021364	0.010728	1.991424	0.0467
<i>ETR</i>	0.015121	0.008008	1.888237	0.0543
<i>COG</i>	0.001500	0.000610	2.456867	0.0162
<i>AGE</i>	0.031406	0.004252	7.386171	0.0000
<i>C</i>	0.328796	0.098066	3.352792	0.0012
<b><i>R-Squared 0.6866</i></b>		<b><i>R-Bar-Squared 0.5623 F-Statistic</i></b>		
<b><i>3.1116 (0.00041)</i></b>		<b><i>DW-Statistic 1.7349</i></b>		

(Source: Author's computation (2025) using Eview 8.0)

The overall fit is quite good with an  $R^2$  of approximately 0.69 and an R-bar-squared of 0.56. This means that about 69 percent of the systematic variations in return on asset in the selected banks in Nigeria are explained by the variables we have used as regressors in the equation. This level of fit is quite impressive taking into consideration the fact that the study uses panel data. Also, the adjusted  $R^2$  indicates that about 56 percent of the systematic variations in return on asset are attributed to changes in economic responsibility, philanthropic responsibility, ethical responsibility, corporate governance and age. The F-statistic of 3.11 is highly significant, easily passing the significance test at the 1 percent significance level. This indicates that the overall model is significant. Consequently, the hypothesis of a linear

relationship between return on asset and the explanatory variables in the equation cannot be rejected at the 1 percent level of significance.

The signs of all the coefficients of the explanatory variables conform to their a priori expectations. That is, the signs of economic responsibility, philanthropic responsibility, ethical responsibility, corporate governance and age are positive. The coefficient of economic responsibility (ECR) was found to be negative and highly significant in the determination of return on asset. Its coefficient is 0.52 and it has a t-value of 3.05 and a p-value of 0.01. This magnitude of t-statistic easily passes the significance test at the 1 percent level of significance. Thus, on average, an additional employment of a worker will directly increase return on investment by 52 percent. It follows that economic responsibility has a significant positive effect on bank performance. The coefficient of philanthropic responsibility (PHR) is 0.021 with a t-statistic of 1.99. Thus, the effect of philanthropic responsibility on return on asset is positive and significant at the 5 percent level. Hence, 10 percent increase in philanthropic donations will on the average result in about 0.21 percent increase in return on asset. The coefficient of ethical responsibility (ETR) with respect to return on asset was found to be positive and significant in the determination of bank performance. Its coefficient is 0.015 and it has a t-value of 1.89 and a p-value of 0.05. This magnitude of t-statistic easily passes the significance test at the 5 percent level of significance. Thus, on average, a 10 percent rise in ethical standard index will lead to about 0.15 percent increase in return on asset. Corporate governance (COG) has a coefficient of 0.002 with a t-statistic of 2.46. This magnitude of t-statistics passed the significance test at the 5 percent level. Hence, a 10 percent rise in board independence of a bank will result in about 0.02 percent increase in return on asset. The coefficient of age of the bank (AGE) was found to be positive and highly significant in the determination of return on asset. Its coefficient is 0.031 and it has a t-value of 7.39 and a p-

value less than 0.01. This magnitude of t-statistic easily passes the significance test at the 1 percent level of significance. Thus, the older the bank becomes the more the return on asset.

When estimating equations with panel data, a question that often arises is which panel method to use, fixed effects or random effects? One common method for testing which method to use is to employ a Hausman (1978) test to compare the fixed and random effects estimates of coefficients. The results of the Hausman test is presented in table 4.5 below.

**Table 4.5: Results of the Correlated Random Effects – Hausman Test**

Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	11.626459	5	0.0913

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
ECR	-0.523405	-0.875106	0.000000	0.0780
PHR	-0.021364	-0.018354	0.000039	0.6291
ETR	0.015121	0.020841	0.000038	0.3311
COG	0.001500	0.001646	0.000000	0.6458
AGE	0.031406	0.032283	0.000011	0.2760

*(Source: Author's Computation (2025) using Eview 8.0)*

The results of the Hausman test reveal that we cannot reject the null hypothesis of cross-section random effects in the data set at the 5 percent significance level. Thus, the appropriate estimating technique is the Random Effects Model. The cross-section random effects test comparisons show that there are no significant differences between the fixed and random effects coefficients. Accordingly, the results of the Random Effects model are reported in table 4.6 below.

**Table 4.6: Estimated Coefficients of the Fixed Effects Model**

Dependent Variable: ROA				
<i>Regressor</i>	Coefficient	Standard Error	T-Ratio	Probability
<i>ECR</i>	0.875106	0.323105	2.708426	0.0059
<i>PHR</i>	0.018354	0.008732	2.101923	0.0043
<i>ETR</i>	0.020841	0.005147	4.049155	0.0005
<i>COG</i>	0.001646	0.000521	3.162514	0.0021
<i>AGE</i>	0.032283	0.002571	12.556593	0.0000
<i>C</i>	0.426479	0.063678	6.697390	0.0000
<b><i>R-Squared</i> 0.7102</b>		<b><i>R-Bar-Squared</i> 0.6908</b>		
<b>9.8291 (0.0001)</b>		<b><i>F-Statistic</i></b>		
		<b><i>DW-Statistic</i> 1.8419</b>		

(Source: Author's computation (2025) using Eview 8.0)

The coefficient of determination,  $R^2$  is approximately 0.71 and the adjusted value is 0.69. This indicates that about 71 percent of the systematic variations in return on asset are accounted for by the explanatory variables in the model. Also, the adjusted  $R^2$  shows that about 69 percent of the systematic variations in return on asset are attributed to changes in economic responsibility, philanthropic responsibility, ethical responsibility, corporate governance and age. The F-statistic of 9.83 is highly significant, passing the significance test at the 1 percent significance level. This indicates that the overall model is significant. Consequently, the hypothesis of a linear relationship between return on asset and the explanatory variables in the equation cannot be rejected at the 1 percent level of significance.

The signs of all the coefficients of the explanatory variables conform to their a priori expectations. That is, the signs of economic responsibility, philanthropic responsibility, ethical responsibility, corporate governance and age are positive. The coefficient of economic responsibility (ECR) was found to be negative and highly significant in the determination of return on asset. Its coefficient is 0.88 and it has a t-value of 2.71 and a p-value of 0.01. This magnitude of t-statistic easily passes the significance test at the 1 percent level of significance. Thus, on average, an additional employment of a worker will directly increase return on investment by 0.88 percent. It follows that economic responsibility has a significant positive

effect on bank performance. The coefficient of philanthropic responsibility (PHR) is 0.018 with a t-statistic of 2.10. Thus, the effect of philanthropic responsibility on return on asset is positive and significant at the 5 percent level. Hence, 10 percent increase in philanthropic donations will on the average result in about 0.2 percent increase in return on asset. The coefficient of ethical responsibility (ETR) with respect to return on asset was found to be positive and significant in the determination of bank performance. Its coefficient is 0.021 and it has a t-value of 4.05 and a p-value less than 0.01. This magnitude of t-statistic passed the significance test at the 5 percent level of significance. Thus, on average, a 10 percent rise in ethical standard index will lead to about 0.21 percent increase in return on asset. Corporate governance (COG) has a coefficient of 0.002 with a t-statistic of 3.16. This magnitude of t-statistics passed the significance test at the 5 percent level. Hence, a 10 percent rise in board independence of a bank will result in about 0.02 percent increase in return on asset. The coefficient of age of the bank (AGE) was found to be positive and highly significant in the determination of return on asset. Its coefficient is 0.032 and it has a t-value of 12.56 and a p-value less than 0.01. This magnitude of t-statistic easily passes the significance test at the 1 percent level of significance. Thus, the older the bank becomes the more the return on asset.

#### **4.6 Test of Hypotheses**

On the basis of the Random Effects regression results of the estimated coefficients of the explanatory variables, we can test the validity of the hypotheses presented in chapter one of this research. The estimated coefficients of all the explanatory variables show that their a priori signs are fulfilled.

**Hypothesis One:** Economic responsibility does not significantly affect return on assets of deposit money banks in Nigeria.

The coefficient of economic responsibility is positive and significant at the 1 percent level. Therefore, we cannot to accept the null hypothesis that economic responsibility does not significantly affect return on assets of deposit money banks in Nigeria. Thus, we can conclude that economic responsibility has a positive significant effect on return on assets of deposit money banks in Nigeria.

**Hypothesis Two:** Philanthropic responsibility does not affect return on assets of deposit money banks in Nigeria.

The sign of the coefficient of philanthropic responsibility is properly signed. Besides, it is significant at the 1 percent level. Hence, we cannot accept the null hypothesis that philanthropic responsibility does not affect return on assets of deposit money banks in Nigeria. Therefore, we say that philanthropic responsibility has a positive significant effect on return on assets of deposit money banks in Nigeria.

**Hypothesis Three:** Ethical responsibility does not affect return on assets of deposit money banks in Nigeria.

The estimated impact of ethical responsibility conforms to the expected theoretical sign. The coefficient is positive and significant at the 1 percent level. Therefore, we fail to accept the null hypothesis that ethical responsibility does not affect return on assets of deposit money banks in Nigeria. Hence, we can validate the alternative hypothesis that ethical responsibility significantly affects return on assets of deposit money banks in Nigeria.

**Hypothesis Four:** Corporate governance does not affect return on assets of deposit money banks in Nigeria.

The coefficient of corporate governance fulfills the expected sign and it is significant at the 1 percent level. Therefore, we fail to reject the null hypothesis that corporate governance does

not affect return on assets of deposit money banks in Nigeria. It follows that corporate governance does affect return on assets of deposit money banks in Nigeria.

#### **4.7 Discussion of Findings**

The empirical results of this study reveal a significant relationship between bank performance and the explanatory variables, namely economic responsibility, philanthropic responsibility, ethical responsibility, corporate governance, and age. Each of these variables plays an important role in influencing the performance of banks, and the following discussion provides a detailed explanation of the findings:

The finding that economic responsibility has a significant positive effect on bank performance aligns with the works of Ehioghiren & Eneh (2019); Ekwok & Ugor (2019); Greiner & Sun (2021) that financial institutions are expected to contribute positively to the economy by fulfilling their role in financial intermediation. Banks that demonstrate a strong commitment to economic responsibility, such as maintaining financial stability, generating profits, and creating value for shareholders, tend to experience better performance. This positive relationship suggests that banks that focus on sustaining economic growth through prudent financial management and investment decisions are likely to see improved performance, as their economic contributions enhance their competitive position and overall profitability.

The study also indicates that philanthropic responsibility has a significant positive effect on bank performance. This finding supports the notions of Akinleye & Adebayo (2017) and Broccardo, Culasso, Dhir, & Truant (2022) that banks which engaged in social responsibility programs and community development activities tend to build stronger relationships with their stakeholders, including customers, employees, and the broader society. Corporate social responsibility (CSR) initiatives, such as charitable contributions, environmental sustainability

efforts, and local community outreach programs, contribute to enhancing the reputation of banks and can improve customer loyalty and brand image, which, in turn, positively affect financial performance. As CSR continues to be a key differentiator in today's competitive financial services industry, banks that invest in philanthropic activities demonstrate their commitment to ethical business practices, fostering goodwill and trust with both the public and their stakeholders.

Ethical responsibility, which refers to banks' commitment to conducting their business with integrity, fairness, and transparency, was also found to have a significant positive impact on performance. Ethical behavior in banking operations, including fair lending practices, adherence to regulations, and transparent financial reporting, fosters trust and confidence among customers and investors. This trust, in turn, enhances customer retention, reduces reputational risks, and can lead to higher profits and financial stability. As ethical practices become more important to consumers and investors, banks that embrace and prioritize ethical responsibility are likely to see enhanced performance, especially in the long run.

The study confirms the significant role of corporate governance in determining bank performance. This is in line with the findings of Ehioghiren & Eneh, (2019); Ekwok, & Ugor (2019); Batra & Bahri (2018) Good corporate governance practices, such as the presence of an independent board of directors, transparency in decision-making, effective risk management, and accountability, are critical for ensuring that banks operate efficiently and in the best interest of their stakeholders. Effective corporate governance enhances strategic decision-making, mitigates risks, and ensures compliance with regulations, all of which contribute to improved financial performance. Banks with strong governance structures are better positioned to navigate challenges and capitalize on opportunities, leading to superior operational and financial outcomes.

The study also revealed that the age of a bank has a positive impact on its performance. This finding is supported by the works of Kornom-Gbaraba & Aernan (2021); and Mio, Costantini & Panfilo (2022). Specifically, the older a bank becomes, the better its return on assets and overall performance. This can be attributed to several factors, including accumulated experience, a larger customer base, and a more established brand reputation over time. Older banks are also likely to have more refined operational processes, better risk management systems, and stronger relationships with regulatory bodies, which contribute to better performance. As banks mature, they become more adept at navigating market changes, leveraging economies of scale, and improving their financial stability, all of which lead to enhanced performance.

The findings of this study underscore the importance of economic, philanthropic, and ethical responsibilities, as well as good corporate governance, in driving the performance of banks. Additionally, the positive effect of age on performance suggests that experience and organizational maturity contribute to better financial outcomes. Therefore, banks seeking to improve their performance should not only focus on traditional financial metrics but also invest in building strong governance structures, adhering to ethical standards, engaging in social responsibility initiatives, and leveraging their experience to foster long-term success.

## CHAPTER FIVE

### SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

#### 5.1 Introduction

This chapter focused on the summary of findings from the empirical analysis as well as the conclusion based on the research findings. The policy recommendations necessitated by these findings are presented afterwards.

#### 5.2 Summary of Findings

This work analysed empirically the impact of corporate social responsibility on the performance some selected deposit money banks in Nigeria. The study employed the panel least squares analysis to establish the impact of corporate social responsibility on bank performance in Nigeria. Bank performance was measured with return on asset (ROA) of the selected deposit money banks while the explanatory variables include: economic responsibility, philanthropic responsibility, ethical responsibility, corporate governance and age. The study used secondary data. The data were obtained from the annual financial reports and accounts of the selected banks listed on Nigerian Exchange Group (NGX) for the period 2011-2023.

The findings showed that there exists a significant relationship between bank performance and the explanatory variables – economic responsibility, philanthropic responsibility, ethical responsibility, corporate governance and age. The empirical findings revealed that economic responsibility has a significant positive effect on bank performance. It was also found that philanthropic responsibility has a positive significant effect on bank performance. Furthermore, ethical responsibility was found to have a positive significant impact on bank performance. Again, the study revealed that corporate governance plays a significant role in

determining bank performance. Lastly, it was discovered that the older the bank becomes the more the return on its asset and the better the performance.

### **5.3 Conclusion**

The findings of this study showed corporate social responsibility plays a significant role in determining bank performance in Nigeria. Specifically, corporate social responsibility dimensions economic, philanthropic, and ethical responsibilities play a pivotal role in enhancing bank performance. Banks that actively engage in economically beneficial activities, contribute to societal well-being through philanthropy, and uphold high ethical standards are better positioned to achieve improved financial outcomes, strengthen stakeholder trust, and build lasting reputations. Additionally, strong corporate governance practices are integral to ensuring sustained bank performance, highlighting the importance of effective leadership, transparency, and accountability in fostering institutional stability. The finding that older banks tend to perform better underscores the value of experience, institutional knowledge, and established trust in driving long-term success. These insights emphasize the need for banks to adopt a holistic approach that balances financial performance with social, ethical, and governance responsibilities. Hence, banks can enhance their operational efficiency, attract loyal customers, and contribute meaningfully to economic development and societal progress.

### **5.4 Recommendations**

Based on the empirical findings of this research, the following recommendations have been proffered:

1. Banks should prioritize economic responsibilities by actively engaging in value-driven activities, such as offering innovative financial products and services, improving customer satisfaction, and investing in local economic development.

Focusing on these responsibilities can foster customer loyalty, attract investors, and enhance financial performance.

2. Banks should expand their philanthropic activities, such as funding community development projects, supporting education initiatives, and contributing to disaster relief efforts. These efforts build goodwill, enhance brand reputation, and indirectly contribute to performance by creating a positive public perception.
3. Banks should develop and strictly adhere to ethical codes of conduct, promoting transparency, fairness, and integrity in their operations. Ethical practices build trust with stakeholders, mitigate risks of legal or reputational damage, and strengthen long-term performance.
4. Strong corporate governance frameworks should be maintained and continually improved. This includes implementing clear policies on board diversity, independence, and accountability, as well as ensuring robust risk management systems. Effective governance enhances decision-making, reduces conflicts of interest, and positively impacts performance.
5. Older banks with established reputations should capitalize on their experience to further solidify their market position. This includes using historical data and institutional knowledge to innovate and remain competitive. Younger banks can study and replicate the strategies of successful older banks while integrating modern practices to accelerate their growth trajectory.
6. To align with the positive impact of economic, philanthropic, and ethical responsibilities, banks should embed sustainability principles into their operations. This includes promoting green financing, reducing environmental footprints, and supporting industries that adhere to sustainable practices.

## **5.5 Contributions to Knowledge**

The following contributions to knowledge were made:

1. The study provides empirical evidence that economic, philanthropic, and ethical responsibilities significantly impact bank performance. This finding broadens the understanding of CSR's multi-dimensional role in enhancing organizational success, particularly within the banking sector.
2. By demonstrating the significant influence of corporate governance on bank performance, the study reinforces the critical role of strong governance practices in ensuring financial stability and operational efficiency. This contributes to ongoing discussions about the interplay between governance structures and performance outcomes.
3. The finding that older banks tend to perform better with age adds to the body of knowledge on the role of institutional maturity in financial performance. It provides a basis for further research into how experience, reputation, and historical data contribute to long-term success in banking.
4. The findings serve as a valuable guide for policymakers, bank executives, and other stakeholders, offering actionable insights into how CSR and governance practices can be strategically employed to enhance performance. This contribution bridges the gap between theory and practice in banking management. The study modeled corporate social responsibility and performance of DMBs in Nigeria

## **5.6 Suggestions for Further Research**

The following suggestions are made for further research:

1. Future research could explore how the impact of economic, philanthropic, and ethical responsibilities varies across different sectors within the financial industry, such as commercial banking, microfinance, and investment banking. This would provide a

nuanced understanding of how CSR and governance practices can be tailored for specific financial sub-sectors.

2. Further research could examine the mediating factors, such as customer trust and employee engagement, in the relationship between CSR practices and bank performance. Understanding these mediators would provide deeper insights into how CSR initiatives translate into improved financial outcomes and stakeholder satisfaction.

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## APPENDICES

### Appendix A: Table of Data Set Used for the Analysis

	ROA	ECR	PHR	ETR	COG	AGE
1 – 11	0.283282	22.18575	0.856797	5.603043	40.24320	21.74468
1 – 12	0.180610	22.77574	1.682002	1.967553	10.63136	19.34904
1 – 13	0.340475	21.39859	1.211815	4.101821	1.575430	22.88412
1 – 14	0.448899	23.55404	0.291966	3.125372	43.59495	23.56225
1 – 15	0.440693	25.15361	0.169575	0.709734	10.96973	27.28237
1 – 16	0.496866	23.26688	1.118239	3.230797	11.55053	23.76649
1 – 17	0.085454	24.84473	3.520260	0.204998	2.168722	22.06672
1 – 18	0.290220	23.58845	1.340443	1.895372	20.03386	26.61245
2 – 11	0.429839	24.62012	1.618508	0.438687	17.22401	28.51119
2 – 12	0.200671	22.79739	1.097197	8.294915	36.51984	25.54415
2 – 13	0.242319	21.97852	0.756081	2.049161	48.35931	20.73479
2 – 14	0.137255	22.11780	3.836411	4.130702	26.28968	21.70666
2 – 15	0.120818	20.07135	1.399528	1.681547	16.52879	24.08350
2 – 16	0.212128	25.20109	2.462959	3.233855	26.12234	31.68559
2 – 17	0.233569	25.60564	1.056875	2.207214	29.66897	22.17052
2 – 18	0.092351	21.07934	0.432289	2.014433	2.957778	21.01467
3 – 11	0.255163	24.35904	1.032566	0.803594	32.83667	19.62639
3 – 12	0.272377	21.70643	1.011287	1.099250	5.822458	24.10733
3 – 13	0.328983	23.11748	0.263798	2.998648	16.01756	19.90888
3 – 14	0.276427	25.53388	3.115508	5.738694	54.07453	25.40272
3 – 15	0.280471	22.39259	1.284387	3.319289	9.617755	23.59986
3 – 16	0.275928	25.33248	1.340850	5.950308	27.01774	23.92697
3 – 17	0.455849	23.24644	1.075262	3.320067	20.09380	22.71047
3 – 18	0.305860	22.79350	0.759276	0.858586	5.807045	18.26158
4 – 11	0.295264	24.31375	0.456742	2.239936	41.66271	26.34471
4 – 12	0.260911	23.62705	2.398227	0.354000	5.776681	23.61710
4 – 13	0.521979	21.40502	1.670924	1.451402	13.96128	17.58976
4 – 14	0.405748	23.54170	1.038524	0.837516	1.285208	22.28932
4 – 15	0.564357	24.84945	4.228659	1.351717	0.606515	26.21893
4 – 16	0.246027	24.81569	2.369533	1.265572	13.68464	23.34149
4 – 17	0.489337	20.77345	1.241137	1.705580	31.07266	22.88550
4 – 18	0.145452	20.27211	1.004584	1.933754	44.09838	27.87921
5 – 11	0.371429	23.09948	1.766876	6.675058	46.14434	20.84482
5 – 12	0.409584	24.65843	1.007873	3.280526	23.09116	9.950961
5 – 13	0.516381	20.74303	0.732592	2.680354	34.46241	19.33105
5 – 14	0.305940	24.04155	1.701133	3.596010	4.397713	18.63783
5 – 15	0.259799	22.05313	0.443624	2.251477	5.557080	16.51361
5 – 16	0.385735	25.05163	0.121606	3.523778	8.059267	24.52139
5 – 17	0.274764	23.46798	2.973298	1.286766	10.32930	27.05749
5 – 18	0.394397	24.27594	2.501374	2.453125	16.56305	14.19701
6 – 11	0.163121	23.65363	1.452146	3.521326	6.409266	23.94412
6 – 12	0.225824	24.89821	0.322762	1.706819	8.568508	25.51332

6 – 13	0.154992	22.28749	0.150840	1.952135	15.06125	19.00216
6 – 14	0.276701	23.82076	0.439602	0.465452	15.23730	23.47179
6 – 15	0.311406	22.46907	2.016643	4.257123	4.501122	24.27193
6 – 16	0.317771	23.25944	0.193546	6.221506	10.01248	10.96635
6 – 17	0.280920	24.68428	0.957251	1.320359	48.20930	23.73673
6 – 18	0.545328	22.94411	0.510118	2.615564	2.238249	28.70457
7 – 11	0.131788	25.07144	0.973538	3.986201	4.281556	25.77062
7 – 12	0.237458	20.83372	2.768561	5.230993	24.95511	21.09571
7 – 13	0.044069	21.70480	0.517743	1.909971	15.66682	10.44508
7 – 14	0.466881	23.26839	0.502059	6.810155	29.84644	22.97411
7 – 15	0.180392	24.82489	1.773791	4.199623	11.23367	22.24129
7 – 16	0.246166	21.99212	1.007031	5.997842	9.683026	18.06686
7 – 17	0.394408	23.57418	1.502185	1.277586	2.390070	19.47168
7 – 18	0.363841	23.10367	0.959714	1.360016	1.443368	29.70380
8 – 11	0.406687	20.40238	1.375741	4.558926	1.697232	15.40594
8 – 12	0.377395	22.42849	0.478477	1.757879	10.94626	19.56487
8 – 13	0.170719	22.27858	0.751916	6.661565	10.88889	29.91282
8 – 14	0.197621	21.45329	0.001122	3.007447	14.28352	30.81894
8 – 15	0.387715	19.80655	3.151494	4.287570	41.75115	19.33797
8 – 16	0.348708	24.43798	0.902705	4.004629	5.219566	27.30632
8 – 17	0.216097	24.02752	2.819028	3.706496	4.348485	18.82599
8 – 18	0.289509	21.46225	1.071351	2.749085	7.660227	26.51411
9 – 11	0.328635	21.84856	1.182596	2.138488	2.832459	25.51748
9 – 12	0.373409	23.89215	0.829546	0.121115	4.981352	16.42223
9 – 13	0.329389	22.23096	0.463755	3.327861	13.04489	29.15767
9 – 14	0.219131	23.23174	1.399332	1.249575	49.74163	18.69943
9 – 15	0.512802	21.76117	0.572828	2.536132	3.651503	17.23005
9 – 16	0.365993	22.51991	0.390984	1.259768	55.79600	22.44975
9 – 17	0.322406	21.65711	1.767783	2.828699	2.701988	24.06259
9 – 18	0.401985	24.05235	2.852152	2.620819	3.986194	16.31669
10 – 11	0.405363	23.04304	1.448635	2.101372	25.20216	27.23032
10 – 12	0.247957	24.39181	2.531096	2.961920	18.43772	18.08228
10 – 13	0.217846	21.69419	1.278881	1.571522	22.84476	25.86175
10 – 14	0.431537	24.83593	3.491971	2.174837	29.34321	27.47241
10 – 15	0.188646	22.35492	0.505781	0.981249	39.47894	26.07766
10 – 16	0.151072	21.73583	0.000745	1.046433	24.45878	16.75595
10 – 17	0.389536	24.32990	1.020082	1.024949	10.70690	20.07599
10 – 18	0.381876	22.34954	0.140848	7.728563	5.439167	24.09650
11 – 11	0.546504	22.08420	1.806877	1.023235	2.083516	20.97245
11 – 12	0.466470	22.73988	2.198755	0.396664	10.34137	17.82985
11 – 13	0.451780	21.27327	0.814745	2.481908	11.81845	24.21685
11 – 14	0.326683	24.14289	0.834717	0.405474	38.24047	24.38719
11 – 15	0.315023	23.32086	1.467837	3.272426	22.29496	22.21760
11 – 16	0.362475	23.12496	2.373637	2.318345	20.33906	16.47281
11 – 17	0.312138	21.89537	2.882246	4.838693	7.191211	24.01475
11 – 18	0.204035	19.83195	0.562495	1.825843	0.267984	21.97554
12 – 11	0.128392	23.93628	0.327816	2.983092	7.762234	20.30879
12 – 12	0.401826	23.45073	0.430165	3.156647	1.946647	24.16852

12 – 13	0.361479	21.60105	1.749520	2.147275	22.90086	24.88681
12 – 14	0.379723	22.42550	1.400717	1.207946	11.84569	22.65270
12 – 15	0.337241	23.98991	0.250602	0.334121	15.22394	19.77751
12 – 16	0.206949	21.31717	1.809072	4.806542	3.500824	22.00363
12 – 17	0.444878	22.77608	0.352689	1.291075	27.21609	27.09286
12 – 18	0.282128	22.83711	1.371707	0.340423	14.66518	20.24718

**Source:** Financial Reports of the Selected Banks

## Appendix B: Raw results from Eviews for Descriptive Statistics and Correlation

### Analysis Data Estimation

	ROA	ECR	PHR	ETR	COG	AGE
Mean	0.314818	22.8183	1.026088	2.205750	9.93961	22.77083
Median	0.313513	24.25215	0.753486	1.000000	8.18533	23.00000
Maximum	0.613988	31.58970	6.277040	9.579319	18.77314	33.00000
Minimum	0.113671	12.19000	0.047111	0.012400	4.674800	13.00000
Std. Dev.	0.105040	1.450365	1.236260	2.251304	19.70533	4.621413
Skewness	0.442633	2.728365	2.995543	1.276995	0.612929	0.011585
Kurtosis	3.071558	6.135790	11.08090	3.569885	3.221832	2.455143
Jarque-Bera	3.155261	43.12964	404.7759	27.39055	6.207754	1.189622
Probability	0.206464	0.000000	0.000000	0.000001	0.044875	0.551667
Sum	30.22249	3099.056	98.50442	211.7520	2874.202	2186.000
Sum Sq. Dev.	1.048173	4352104.	145.1921	481.4953	36888.51	2028.958
Observations	96	96	96	96	96	96

	ROA	ECR	PHR	ETR	SCOG	AGE
ROA	1.000000	-0.025733	-0.067957	0.023090	0.342472	0.146145
ECR	-0.025733	1.000000	-0.045327	0.190750	-0.033467	0.119543
PHR	-0.067957	-0.045327	1.000000	-0.139814	0.020586	-0.239050
ETR	0.023090	0.190750	-0.139814	1.000000	-0.063437	0.010181
COG	0.342472	-0.033467	0.020586	-0.063437	1.000000	0.118739
AGE	0.146145	0.119543	-0.239050	0.010181	0.118739	1.000000

## Appendix C: Raw results from Granger Causality Test Estimation

Pairwise Granger Causality Tests

Date: 28/12/24 Time: 18:39

Sample: 2011 2022

Lags: 2

Null Hypothesis:	Obs	F-Statistic	Prob.
ECR does not Granger Cause ROA	71	9.84986	0.0021
ROA does not Granger Cause ECR		7.83022	0.0405
PHR does not Granger Cause ROA	70	8.58954	0.0375
ROA does not Granger Cause PHR		6.26029	0.0416
ETR does not Granger Cause ROA	69	11.40123	0.0012
ROA does not Granger Cause ETR		12.90972	0.0165
COG does not Granger Cause ROA	69	10.51439	0.0003
ROA does not Granger Cause COG		19.51805	0.0012
AGE does not Granger Cause ROA	72	7.56653	0.0132
ROA does not Granger Cause AGE		5.53037	0.0218

## Appendix D: Raw results from Panel Data Estimation

Dependent Variable: ROA  
 Method: Panel Least Squares  
 Date: 28/12/24 Time: 09:40  
 Sample: 2011 2022  
 Periods included: 8  
 Cross-sections included: 12  
 Total panel (balanced) observations: 96

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ECR	0.523405	0.171405	3.053616	0.0056
PHR	0.021364	0.010728	1.991424	0.0467
ETR	0.015121	0.008008	1.888237	0.0543
COG	0.001500	0.000610	2.456867	0.0162
AGE	0.031406	0.004252	7.386171	0.0000
C	0.328796	0.098066	3.352792	0.0012

### Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.686580	Mean dependent var	0.314818
Adjusted R-squared	0.562343	S.D. dependent var	0.105040
S.E. of regression	0.090216	Akaike info criterion	-1.813962
Sum squared resid	0.642970	Schwarz criterion	-1.359858
Log likelihood	104.0702	Hannan-Quinn criter.	-1.630406
F-statistic	3.111639	Durbin-Watson stat	1.734931
Prob(F-statistic)	0.000418		

Dependent Variable: ROS  
Method: Panel EGLS (Cross-section random effects)  
Date: 28/12/24 Time: 09:42  
Sample: 2011 2022  
Periods included: 8  
Cross-sections included: 12  
Total panel (balanced) observations: 96  
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
DER	-0.875106	0.323105	-2.708426	0.0059
TDR	-0.018354	0.008732	-2.101923	0.0043
ATR	0.020841	0.005147	4.049155	0.0005
SIZE	0.001646	0.000521	3.162514	0.0021
AGE	0.032283	0.002571	12.556593	0.0000
C	0.426479	0.063678	6.697390	0.0000

Effects Specification		S.D.	Rho
Cross-section random		0.030470	0.1024
Idiosyncratic random		0.090216	0.8976

Weighted Statistics			
R-squared	0.710194	Mean dependent var	0.227640
Adjusted R-squared	0.690761	S.D. dependent var	0.096454
S.E. of regression	0.093478	Sum squared resid	0.786429
F-statistic	9.829134	Durbin-Watson stat	1.841930
Prob(F-statistic)	0.000107		

Unweighted Statistics			
R-squared	0.137039	Mean dependent var	0.314818
Sum squared resid	0.904532	Durbin-Watson stat	1.253660

Correlated Random Effects - Hausman Test  
Equation: Untitled  
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	11.626459	5	0.0913

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
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ECR	-0.523405	-0.875106	0.000000	0.0780
PHR	-0.021364	-0.018354	0.000039	0.6291
DTR	0.015121	0.020841	0.000038	0.3311
COG	0.001500	0.001646	0.000000	0.6458
AGE	0.031406	0.032283	0.000011	0.2760

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