Corporate Social Responsibilities and Firm Performance: A Comparative study of Banking and Non-Bank Sector in Nigeria

Ogujiofor Magnus Nkemjika¹, Dr. Ofor Nkchi²
Department Of Accounting, Novena University, Ogume, Delta State, Nigeria
Department of Accountancy, Anambra State University, Igbariam Campus

¹henrymagng@yahoo.com
²kechi4lv@yahoo.com

Abstract-The objective this study is to ascertain the relationship between CSR and performance. The study compared what is obtainable in the Nigerian banking sector and the Nigerian manufacturing sector. Ten firms were selected, five each from the aforementioned sectors. Ordinary least square statistical technique was employed for the study. Result shows that CSR has significant impact on the performance of both firms in the manufacturing and the banking sector. The study also reveals that manufacturing companies expend more on CSR activities than banks. The study recommended that statutory bodies should mandate banks to go beyond donation and look at other areas of CSR. It further recommended that managers of the two sectors should take advantage of CSR in order to enhance their corporate performance.

Key words- corporate social responsibilities; firm performance

1. INTRODUCTION

Corporate social responsibility (CSR) has been in the accounting research spotlight in recent times because the controversies associated with the subject matter. These controversies made international corporate responsibility to assume an important place in management and accounting research. The additional cost incurred by firms for providing CSR has generated a lot of unending argument among scholars. Some authors (for example, Bathala & Roa,1995; Hutchinson,2002)¹⁷ argue that CSR activities increase costs without sufficient off-setting benefits, it reduces performance and contribute to value – maximizing activities. According to khan (1985) conventional wisdom suggest that corporate social responsibility is more germane to firms in the developed economies due to elevated community expectations of socially responsible behaviour in these countries. Some critics of corporate social responsibility (Denis,2001; Dennis & McConnel,2003¹¹; Shleifer & Vishny,1997; Hermalin & Weisbach,1998¹⁶; Nickell, Nicolitsas & Dryden, 1997)²² argue that corporate social responsibility is just a way in which companies attempt to pacify their host communities for destroying their environments.

Managers in the business community are now much interested in how their firms are rated by their host communities. One way the community rate a firm is by its corporate image and corporate image is proxy by the level of the firm’s contribution to host community.

The second controversy about CSR is that non-manufacturing entities like financial institutions should be exempted from partaking in CSR activities because their operations do not cause environmental hazard in any way. Achua (2008)¹ argues in spite the fact that financial institutions do cause environment hazard, banks need to be socially responsible to enable them to build their “reputational capital” which will enable them to attract high-quality employees, to change higher fees, negotiate better deals expand customer base, attract more investors and win public trust. He further stresses that banks could be seen to be responsible if they can figure out key areas that will help in developing their operating environment. Anecdotal evidence shows Corporate Social Responsibility (CSR) is one of the vital components that can help banks to earn trust reputations and confidence of stakeholders.

Despite the fact that regulatory and institutional bodies focus on CSR and performance, it is surprising that most academic researches on the subject matter found no statistical relationship between CSR governance and firm performance (Park & Shin,2003²⁵; Singh & Davidson,2002; Young,2003), and, in many cases, found a negative relationship between CSR and firm performance (for example, Bathala & Roa,1995; Hutchinson,2002)²². Several explanations have been put forward for these apparent inconsistencies. Some have argued (Denis,2001; Dennis & McConnel,2003¹¹; Shleifer & Vishny,1997; Hermalin & Weisbach, 1998; Nickell, Nicolitsas & Dryden, 1997)²² that the problem lies with the use of either publicly available data or survey data as these sources are generally restricted in scope. Prior studies (Roth & O’ Donnell, 1996; Sanda,Mikailu
performance is subjected to endogeneity, or reverse causality. It suffices to say that, it is unclear whether performance causes CSR or whether CSR causes performance. To account for this, a two-equation system will be used. This objective of this study is to find out the impact of CSR on financial performance of firms in Nigeria. The study compared the CSR activities of banks and manufacturing companies in Nigeria.

2. EMPIRICAL FRAMEWORK

Cochran and Wood (1984) found that the average age of company is highly correlated with its ranking in regards its social responsibility, therefore they control this variable still they found a significant correlation between firm profitability and CSR.

Neheisel (1994), found a positive and significant effect of firm’s donations and its profitability.

Margolis (2001) in a survey of 95 empirical studies conducted between 1972-2001, reports that: “when treated as an independent variable, corporate social responsibility is found to have a positive relationship to financial performance in 42 studies (53%), no relationship in 19 studies (24%), a negative relationship in 4 studies (5%), and a mixed relationship in 15 studies (19%).” In general, when the empirical literature assesses the link between social responsibility and financial performance, the conclusion is that the evidence is mixed.

Seifert et al. (2003) found a weak but positive correlation between available cash and firm’s CSR activities. Amaeshi et al. (2006) used a two pronged and two stage approach in carried out a research on Corporate Social Responsibility (CSR) in Nigeria: Western mimicry or indigenous practices? The results/analysis shows that the understanding and practice of CSR in Nigeria is still largely philanthropic and altruistic. There finding differs from the understanding and practice of CSR in western economies where CSR have advanced beyond philanthropy.

Obusubiri (2006) in a study on CSR and portfolio performance also found a positive relationship between CSR and portfolio performance. He attributed this relationship to the good corporate image that comes with CSR making investors prefer such companies implying that good CSR behavior has a reputational benefit for the practicing firm.

Carlsson and Akerstom (2008) in studying the sample of Krollings Pricewater house cooper for the period of year 2000 to 2007. The study uses cross-case analysis. The study find out that a company can engage in CSR in order to increase financial performance, improve the reputation and image of compound, and gain competitive advantage. According to Ojo (2010), the study used data of 40 limited liabilities companies quoted in Nigerian stock exchange. Data collected were analysed using correlation regression and Analysis of variance (ANOVA). The result of the study revealed that companies examined contributed infinitesimal amount of their gross earnings to social responsibility.

Cheruiyot (2010) carried out a research to establish the relationship between corporate social responsibility and financial performance of firms listed at the Nairobi stock exchange. This was a cross sectional study of all the 47 listed companies in the NSE’s main segment as at 31 December 2009. Using regression analysis he sought to establish the relationship between the CSR index and financial performance measured in terms of the Return on assets, return on equity and return on sales. His conclusion was that there was a statistically significant relationship between CSR and financial performance.

Akindele (2011) adopts a survey design using ex-post, facto type, with officials drawn from 4 randomly selected banks type in Nigeria in carrying out a study on corporate social responsibility: An organizational tool for survival in Nigeria. The general objective of the study is to examine the extent and role of the retail banking industries in corporate social responsibilities practices to help achieve sustainable growth and development in the local communities. The data for the study was analyzed using both descriptive and inferential statistics, while predictions and decisions based on sample data were determined using Analysis of variance (ANOVA). It was found that there is a significant relationship between bank profitability and CSR practices of the Nigerian banks.

Olayinka and Temitope (2011) used qualitative research method to examine the relationship between corporate social responsibility and financial performance in developing economies. The study obtained data on variables which were believed to have relationship with CSR and financial performance. These variables included Return on Earnings, Return on Asset, Community Performance, Employee Relation and Environment Management System. The study shows that CSR has a positive and significant relationship with the financial performance measures. These results reinforced the accumulating body of empirical support for the positive impact of CSR on financial performance.

In a recent study of impact of corporate social responsibility on the profitability of Nigerian banks by Amole et al. (2012) that used ordinary least square (OLS) model of regression in testing the relationship between dependent and independent variables. The study used data on corporate social responsibility expenditure and profit after tax for the period of 2001-2010. It adopts model on the causal relationship between CSR and firms financial performance (FFP). The results of the regression analysis revealed that for every unit change increment in the CSR expenditure, there will be 95% increase in the profit after tax of the bank. The R-Square value of 0.893 obtained shows that CSR accounted for 89% of the variation in the profit after tax of the bank. The study finds that there is positive relationship between banks CSR activities and profitability, stating the need for banks to demonstrate high level of commitment to corporate social responsibility.
responsibility based on stakeholders theory in order to enhance their profitability in the long run.

Bashir, Hassan and Cheema (2012) concluded that CSR activities of an organization positively impact employee satisfaction which in results increase the productivity and profitability.

Uwaloma and Egbide (2012), making research on sample of 41 listed companies in Nigerian stock exchange for the period of 2008. Multiple regression analysis was employed to analyse the data. The paper revealed that there is a significant negative relationship existed between firms’ financial leverage and the level of corporate social responsibility disclosures.

Conifer, Nazari, Emami and Soltani et al. (2012) who worked in restaurants and airline industry found a mixed relation of CSR activities and financial performance.

Singh and Pachar (2012) used empirical measures to identify the impact of CSR activities on the financial performance of the firm and they found a positive and significant impact on their financial performance.

Javed, Saeed, Canada, Erhemjamtsa and Tehranianb (2012) worked in the banking sector and found that in financial crises of different sizes of banks showed different behaviour. Small banks show a significant relationship between different bank characteristics and profitability, but large bank which are more involved in CSR activities shows a positive and significant impact on their financial performance.

Duke and Kankpang (2013) using an inferential research design, a cross-sectional study was carried out to test the effect of CSR, 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. It was found 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, we recommend that firms should actively invest in proper waste management and pollution abatement, while social action.

Lodhi and Malik (2013) used Caroll model of CSR on KSE 30 index companies of Pakistan and suggest that there is a positive relationship between firms, financial performance, economic and legal responsibilities and negative relationship in the case of ethical and discretionary responsibilities. They also conclude that CSR by corporate sector provides a healthy environment for the country and promotes a culture in which laws are abided willingly.

Domenico (2014) used samples from Italian firms and suggest a weak positive association between corporate social performance and financial performance.

3. METHODOLOGY

3.1 Population and Sample and sampling technique

The population of the study covers all banks and manufacturing companies which are 21 and 58 respectively as quoted on the Nigerian stock exchange as at the time of this research. However, resulting from the practical difficulties of accessing the population, a subset, that is known as a sample will be utilized. The convenient sampling technique was employed in selecting the five (5) banks and five (5) manufacturing companies and each a period of ten years was covered, 2005 - 20014 financial years. The major source of information for this study is basically a secondary data. This is done by getting required variables from annual reports of selected.

3.2 Model specification

In light of foregoing we consider the adoption the model used by Becchetti el at (2005) which is; RxD = ROT + ROA + ROE + β.

The study however modifies Becchetti el at (2005) It written has CSR = f(ROA, ROE, NIM & FSIZE ).

Or performance=f(CSR)

Mathematically written as

CSR = β₀ + β₁ ROA+ β₂ ROE + β₃ NIM + β₄ FSIZE

Where;

CSR = Corporate Social Responsibility
ROA= Returns on Assets
ROE = Returns on Equity
NIM = Net Income Margin
FSIZE = Firm Size

3.3 Model definition

| VARIABLES | MEASURES | APRIORI SIGN |
|-----------|----------|--------------|
| CSR | Corporate Social Responsibility | Amount spent on CSR activities for a given year | |
| ROA | Returns on Assets | It measures profit yield by the asset. It is calculated as: | +ve |
It is observed that CRS has a mean value of 0.1504 with mean values of CSR from the mean across the samples. ROA is observed large values suggest considerable dispersion in values for banks and manufacturing companies respectively the measuring the spread of the distribution stood more on CSR activities than bank. The standard deviation of 2000 minimum CSR value of 267890 while banks have a value respectively. The result shows that manufacturing companies have mean value of 48022 and 1869032 927141 for full sample while banks and manufacturing table 2

From the descriptive statistics of the variables as shown in table 2, it is observed that CRS has a mean value of 927141 for full sample while banks and manufacturing companies have mean value of 48022 and 1869032 respectively. The result shows that manufacturing minimum CSR value of 267890 while banks have a value of 2000, this implies that manufacturing companies spend more on CSR activities than bank. The standard deviation measuring the spread of the distribution stood at 18328014, 63239 and 22508516 for full sample, banks and manufacturing companies respectively the large values suggest considerable dispersion in values for CSR from the mean across the samples. ROA is observed with mean values of 0.087717, 0.026408 and 0.1504(full sample bank & manufacturing) and standard deviation value of -0.50, 0.166 and 0.305 indicate average clustering around the mean for the three samples. The mean for ROE for full sample, bank and manufacturing companies -17989617, 0.042653 and - 3.6346370 while standard deviation for three samples respectively stood at 1.82E+08 and 0.794457 an indicate considerable deviation from the mean. NIM for full sample, banks and manufacturing companies stood at 35411448, 1.13866 and 0.346469 respectively and standard deviation stood at 85350876, 1.11E+08 and 1.289962 implying considerable deviation from the mean. Finally, the mean value for FSIZE stood at 35411448, 71541309 and 7.426554 for full sample ,bank and manufacturing companies. The standard deviation stood at 85350876, 1.11E+08 and 1.138660 indicating great dispersion from mean for full sample and banks. An

3.4 Method of data analysis
This research work employs a time series data to examine the relationship between CSR and performance of manufacturing companies and banks. The multivariate regression analysis method was adopted for this work because this research involves more than one company and to also estimator analysis used to find the difference between the observed responses. E-veiw statistical package was used to analyze the data.

4. PRESENTATION AND ANALYSIS OF RESULT

| Source: Researcher’s computation 2016 |
|---------------------------------------|
| Table 2: Descriptive Statistics        |
|---------------------------------------|
| **Full sample** | **CSR** | **ROA** | **ROE** | **NIM** | **FSIZE** |
| Mean | 9274714.0 | 0.087717 | -17989617 | 0.346469 | 35411448 |
| Median | 267890.0 | 0.042580 | -0.200000 | 0.130000 | 8.421100 |
| Maximum | 1.03E+08 | 2.057000 | 1.211111 | 10.40000 | 5.04E+08 |
| Minimum | 2000.000 | -0.500000 | -1.82E+08 | -5.200000 | 0.123000 |
| Std. Dev. | 18328014 | 0.251285 | 31358635 | 1.289962 | 85350876 |
| Jarque-Bera | 444.7294 | 6572.524 | 418.8674 | 6678.592 | 511.3390 |
| Probability | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 |
| Mean bank | 48022.00 | 0.026408 | 0.042653 | 0.597347 | 71541309 |
| Median | 22200.00 | 0.020000 | 0.140000 | 0.310000 | 1933065. |
| Maximum | 307500.0 | 0.910000 | 1.100000 | 10.40000 | 5.04E+08 |
| Minimum | 2000.000 | -0.500000 | -4.800000 | -5.200000 | 1102348 |
| Std. Dev. | 63239.56 | 0.166237 | 0.794457 | 1.802800 | 1.11E+08 |
| Jarque-Bera | 71.89176 | 611.4856 | 1635.254 | 739.8797 | 45.30271 |
| Probability | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 |
| Mean | 18690320 | 0.150408 | -3.6346370 | 0.961328 | 7.426554 |
| Median | 7880000. | 0.078298 | -24454690 | 0.046484 | 7.508930 |
| Std. Dev. | 22508516 | 0.305515 | 36422522 | 1.37884 | 1.138660 |
| Jarque-Bera | 50.92997 | 2060.246 | 71.28314 | 656.9758 | 2483.945 |
| Probability | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 |
evaluation of the Jarque-Bera statistics and probability for the variables reveal a normal curve.

Table 3 Pearson Correlation result

|       | CSR   | ROA   | ROE   | NIM   | FSIZE  |
|-------|-------|-------|-------|-------|--------|
| CSR   | 1.000 | 0.201 | -0.298 | -0.091 | -0.211 |
| ROA   | 0.201 | 1.000 | -0.268 | -0.367 | 0.014  |
| ROE   | -0.298| -0.268| 1.000  | 0.107  | 0.240  |
| NIM   | -0.091| -0.367| 0.107  | 1.000  | 0.051  |
| FSIZE | -0.211| 0.014 | 0.240  | 0.051  | 1.000  |

Table 3 presents the Pearson correlation coefficient result for the variables. As observed, CSR and ROA appear to be positively associated as depicted by the correlation coefficient (0.2). ROE on the other hand shows negative correlation with CSR (-0.29) and with ROA (-0.036). ROA is observed to be negatively correlated with NIM (-0.003) and with FSIZE (-0.014) while NIM is positively correlated with (0.107) ROE. Finally, SIZE is observed to be positively correlated with ROE (0.24), positively with NIM (0.051) but negatively correlated with CSR (-0.21) and with ROA (-0.0145). The correlation coefficient results show that none of the variables are strongly correlated and this indicates that the problem of multicollinearity is unlikely and hence the variables are suitable for conducting regression analysis.

Table 4 Data Interpretation And Analysis

| Dependent variable | credit risk |
|--------------------|-------------|
| Variables          | Full sample | BANK         | MANUFACT    |
| C                  | 72437572*   | 26235.2*     | 7540185*    |
|                    | {3.526}     | {2.46}       | {3.210}     |
|                    | (0.0168)    | (0.815)      | (0.0018)    |
| ROA                | -2.15       | -1061104     | 10137964    |
|                    | {-3.8536}   | {0.04036}    | {1.3.21}    |
|                    | (0.012)     | (0.97)       | (0.167)     |
| ROE                | 0.3362      | 91239.75     | -0.1272     |
|                    | {-3.864)    | {2.190}      | {-2.105}    |
|                    | (0.0118)    | (0.026)      | (0.038)     |
| NIM                | 3.3862      | 104173.4     | -782414.6   |
|                    | {-3.864}    | {0.0923}     | {-2.1049}   |
|                    | (0.0118)    | (0.39)       | (0.038)     |
|                    |           |              | diff(-678241) |
| FSIZE              | -1034024    | 0.002894     | 0.033101    |
|                    | {-3.413}    | {-0.467}     | {-1.55}     |
|                    | (0.0082)    | (0.6598)     | (0.1238)    |
|                    |           |              | diff(0.031) |
| R²                 | 0.81        | 0.60         | 0.63        |
| ADJ R²             | 0.66        | 0.49         | 0.48        |
| F-Stat             | 5.4         | 1.30         | 3.5         |
| P(f-stat)          | 0.045       | 0.05         | 0.01        |
| D.W                | 1.87        | 2.22         | 1.54        |

Source: Researcher’s computation. () represents t value; {} represents p-value * connotes regression coefficient

Table 4 shows the regression result examining the relationship between CSR and performance in the Nigerian banking sector. The regression analysis was conducted in three stages. First, we examined full sample which is the baseline estimation for the study. However, to check the robustness of our estimates, we divided the sample into two sub-groups; manufacturing companies and banks. The R² for the full sample estimation of shows a value of 0.81 this indicates that the models explains about 81% the systematic variations in CSR and performance during the period under review. The F-stat 5.4 with p value =0.045 at 5% and suggest that the...
hypothesis of a significant linear relationship between the dependent and independent variables cannot be rejected. It is also indicative of the joint statistical significant of the model. The D. W statistics of 1.9 indicates the presence of serial correlation in the residuals is unlikely. The result further reveals that ROA has a negative relationship with CSR \((t=-3.85, \text{value}=p\,0.012)\) ROA. The further shows CSR has negative relationship with ROE \((t=-3.86, \text{value}=p\,0.012)\). In addition, the result show that is a positive but statistically insignificant relationship CSR and NIM \((t=0.024, t=0.026)\).

Second, the regression for bank was analysed. The \(R^2\) for the bank estimation of shows a value of 0.60 this indicates that the models explains about 60% the systematic variations in CSR and performance during the period under review. The F-stat 1.3 with \(p\text{ value}=0.05\) at 5% and suggest that the hypothesis of a significant linear relationship between the dependent and independent variables cannot be rejected. It is also indicative of the joint statistical significant of the model. The D. W statistics of 2.22 indicates the presence of serial correlation in the residuals is unlikely. In addition, the result shows that ROA has a negative relationship with CSR \((t=-0.40, \text{value}=p\,0.97)\) this relationship is statistically insignificant. The result further shows CSR has a positive relationship with ROE\((t=2.19, \text{value}=p\,0.026)\). In conclusion, the result show that there is a positive but statistically insignificant relationship CSR and NIM \((t=0.47, t=0.66)\).

Third, the regression for manufacturing companies was analyzed. The \(R^2\) for the manufacturing estimation of shows a value of 0.63 this indicates that the models explains about 63% the systematic variations in CSR and performance during the period under review. The F-stat 3.5 with \(p\text{ value}=0.01\) at 5% and suggest that the hypothesis of a significant linear relationship between the dependent and independent variables cannot be rejected. It is also indicative of the joint statistical significant of the model. The D. W statistics of 1.54 indicates the presence of serial correlation in the residuals is unlikely. In addition, the result shows that ROA has a positive relationship with CSR \((t=1.39, \text{value}=p\,0.12)\) this relationship is statistically insignificant. The result further shows that CSR has a negative relationship with ROE\((t=2.19, \text{value}=p\,0.026)\). The result also shows there that is a negative but statistically insignificant relationship CSR and NIM \((t=-1.55, p=0.123)\).

From the using estimator the result reveals that there is a (743950) between CSR activities of banks and manufacturing companies. In the same vain the result also show that there is a significance difference in ROA, ROE and NIM (9076860, 91239.9 and 678241).

Table 5: Diagnostic Test

| Heteroskedasticity | Serial correlation(LM test) | Ramsey reset test |
|--------------------|-----------------------------|-------------------|
| f-statistic =1.646  | f-statistic =0.6051         | f-statistic = 1.568|
| Prob. F(6,672)=0.209| Prob. F(6,672)=0558         | Prob. F(6,672)=0.136|

Source: Eviews 7

The following diagnostics tests for the regression results indicates the absence of in the model as the Breusch-pagan-Godfrey test was performed on the residuals as a precaution. The results showed probabilities in excess of 0.05, which leads us to reject the presence of heteroscedasticity in the residuals and hence we conclude that the assumption of uniform variance of the residuals is satisfied and the estimates are not biased. The LM test for high order autocorrelation shows that the likelihood of autocorrelation in the residuals is rejected and hence the regression estimates are not biased as the probabilities are greater than 0.05. The Ramsey RESET test was performed to determine whether there were specification errors. The results showed high probability values that were greater than 0.05, meaning that there was no significant evidence of miss-specification.

Stability test - The CUSUM test (Brown, Durbin, and Evans, 1975) is based on the cumulative sum of the recursive residuals. This option plots the cumulative sum together with the 5% critical lines.
The test finds parameter instability if the cumulative sum goes outside the area between the two critical lines. As observed from the figure, the lines for the cumulative sum lie within the 5% critical lines and hence this suggests that the parameters of the model are stable.

5. CONCLUSION AND RECOMMENDATION

The study was aimed at finding the impact of CSR on performance. The study is a comparative analysis; the banking sector and manufacturing sector were used for the study. The result shows that CSR has significant impact on the performance of both firms in the manufacturing and the banking sector. The study also reveals that manufacturing companies expend more on CRS activities than bank. Banks CSR activities basically are in form of charitable contributions and donations. The study recommends that statutory bodies should mandate banks to go beyond donation and look at other areas of CSR. Management of the two sectors should take advantage of CSR in order to enhance their corporate performance.

6. REFERENCES

[1] Achua, J. k. (2008). Corporate Social Responsibility in the Nigerian Banking System. Society and Business Review, 3(1) 21-45
[2] Adeyanya, O. D. (2012). An assessment of the impact of corporate social responsibility on Nigeria society. Universal Journal of Marketing and Business Research, 1(1),17-43.
[3] Akindele, A. I. (2011). Corporate social responsibility: an organisational tool for survival in Nigeria. African Journal for the psychological study of social issues, 19(2),10-15.
[4] Alexander G. J., Buchholz R. A.( 1978).Corporate Social Responsibility and stock market performance. Academy of Management Journal, 21 (3), 479-86.
[5] Aupperle, K. E., Carroll J. D.& Hatfield,D.(1985).An Empirical Examination of the Relationship Between Corporate Social Responsibility and Profitability, Academy of Management Review 28(2), 446–463.
[6] Amaeshi, K. M., Adi, B. C., Ogbechie, C., & Amao, O.O. (2006). Corporate Social Responsibility in Nigeria: Western Mimicry or Indigenous Practices? Research Paper Series-ISSN 1479-5124 No. 39-2006, International Centre for Corporate Social Responsibility Nottingham University Business School
[7] Bathula, H. (2008). Board Characteristics and Firm Performance: Evidence from New Zealand. Ph.D Dissertation, AUT University. Available at:http://aut.researchgateway.ac [Accessed 12 January 2015].
[8] Belal,A.R,(2000).Environmental reporting in developing countries:empirical evidence from Bangladesh. Eco-Management and Auditing,7(3),114-121.
[9] Clarkson, M. B. E.( 1995).A Stakeholder Framework for Analyzing and Evaluating Corporate Social Performance. The Academy of Management Review, 20 (1), 92-117.
[10] Cochran P. L., & Wood R. A. ( 1984)Corporate Social Responsibility and Financial Performance. Academy of Management Journal, 27 (1): 42-56.
[11] Dennis, D.K.& McConnell,J.J.(2003).International Corporate Governance. Contemporary corporate governance issue II conference
[12] Fombrun C., Shanley M.(1990) .What’s in a Name? Reputation Building and Corporate Strategy. Academy of management Journal, I. 3
[13] Guthrie, J., & Parker, L. (1989). Corporate Social Reporting: A Rebuttal of Legitimacy Theory. Accounting and Business Research, 19(76),343-352.
[14] Guthrie, J. & Parker, L. (1990). Corporate Social Disclosure Practice: A Comparative International Analysis. Advances in Public Interest Accounting, 3(1),159-175.
[15] Jensen, M.C. & Meckling W.H( 1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. Journal of Financial Economics, 3(2) 305-360.
[16] Hermelin, B., & M. Weisbach (1998): Endogenously chosen boards of directors and their monitoring the CEO. American Economic Review 88(4), 96–118.
[17] Hutchinson M.(2002).An analysis of the association between firm’s investment opportunities, board composition and firm performance. Asia Pacific Journal of Accounting and Economics 9(2),17-39
[18] Margolis, J. D. & J. P. Walsh (2003) Misery Loves Companies: Rethinking Social Initiatives by Business. Administrative Science Quarterly 48(2), 268–305.
[19] McGuire, J. B., A. Sundgren & T. Schneeweis (1988).Corporate Social Responsibility and Firm Financial Performance. Academy of Management Journal 31(4), 854–872.
[20] McWilliams A., Siegel D.( 2001). Corporate Social Responsibility: A Theory of the Firm Perspective. Academy of Management Review, 26, 117-127
[21] Moore, G. (2001).Corporate Social and Financial Performance: An Investigation in the U.K. Supermarket Industry. Journal of Business Ethics, 34(3/4), 299–315.
[22] Nickell, S., Nicotis, D. & Dryden, N. (1997) What makes firms perform well? European economic review 41(2), 783-796.
[23] Olayinka, M. U. & Temitope, O. F. (2011). Corporate Social Responsibility and financial performance in developing Economies. The Nigerian Experience. New Orleans, New Orleans International Academic Conference, 815-824.
[24] Orlitzky M.(2000) Corporate Social Performance: Developing Effective Strategies. Working Paper
Determinants of Corporate Social Performance: a Typology and Analysis. Business and Society, 36 (4), 419.

Roberts C., (1992). Determinants of Corporate Social Responsibility Disclosure: An Application of Stakeholder Theory. Accounting, Organizations and Society, 17, 6, 595-612.

Shingh, M & Davidson III, W. N. (2003). Agency costs, ownership structure and corporate governance mechanisms. Journal of Banking and finance, 22(3), 793-816.

Sotorrio L. L., Sanchez, J. L. F. (2008). Corporate Social Responsibility of the Most Highly Reputed European and North American Firms. Journal of Business Ethics, 82(2), 379-390.

Spicer B. H. (1978). Investors, Corporate Social Performance and Information Disclosure: An Empirical Study, The Accounting Review, 53 (1): 94-111.

Ullmann A., 1985, "Data in Search of a Theory: A Critical Examination of the Relationship Among Social Performance, Social Disclosure, & Economic Performance. Academy of Management Review, 10:450-77.

Van Beurden, P., Gossling, T., 2008, "The Worth of Values: A Literature Review on the Relation Between Corporate Social and Financial Performance. Journal of Business Ethics, 82/2, 407-424.

Vance S. C. (1975). Are Socially Responsible Corporations Good Investment Risks? Management Review, 2(1), 18-24.

Waddock S. A., Graves S. B. (1997). The Corporate Social Performance-Financial Performance Link. Paper presented at the national meetings of the Academy of Management, Dallas, TX.

Wallace R. S. O., Naser K., Mora A. (1994). The Relationship Between the Comprehensiveness of Corporate Annual Reports and Firm Characteristics in Spain. Accounting and Business Research, 25(2), 41-53.

Wood D. J. (1991). Corporate Social Performance Revisited, Academy of Management Review, 6(4), 691-718.

Wright P., Ferris S. P. (1997). Agency Conflict and Corporate Strategy: The Effect of Divestment on Corporate Value", Strategic Management Journal, 18 (1), 77-83.

Wu, M. (2006). Corporate Social Performance, Corporate Financial Performance and Firm Size: a Meta-Analysis“, Journal of American Academy of Business, 8 (1), 163-171.

Appendix

Dependent Variable: CSR(full sample)
Method: Least Squares
Date: 04/01/16 Time: 20:53
Sample: 2005 2014
Included observations: 50

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|----------|-------------|------------|-------------|-------|
| C        | 72437574    | 20543556   | 3.526048    | 0.0168|
| ROA      | -2.15E+08   | 55686547   | -3.853629   | 0.0120|
| ROE      | -0.336297   | 0.087029   | -3.864207   | 0.0118|
| NIM      | 3.38E+08    | 79769286   | 4.237753    | 0.0082|
|FSIZE     | -10340247   | 3029651    | -3.413016   | 0.0190|
| R-squared| 0.813639    | Mean dependent var | 0.8197766. |
| Adjusted R-squared | 0.664550 | S.D. dependent var | 0.1741526. |
| S.E. of regression | 1008657. | Akaike info criterion | 30.79299 |
| Sum squared resid | 5.09E+12 | Schwarz criterion | 30.94428 |
| Log likelihood | -148.9650 | Hannan-Quinn criter. | 30.62702 |
| F-statistic | 5.457418 | Durbin-Watson stat | 1.869229 |

Dependent Variable: CSR(bank)
Method: Least Squares
Date: 04/01/16 Time: 21:23
Sample: 2005 2014
Included observations: 10

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|----------|-------------|------------|-------------|-------|
| C        | 26235.22    | 106524.6   | 0.246283    | 0.8153|

© 2007, TechMind Research Society
### Descriptive Statistics for full sample

| Variable | CSR | ROA | ROE | NIM | FSIZE |
|----------|-----|-----|-----|-----|-------|
| Mean     | 9274714 | 0.087717 | -17989617 | 0.346469 | 35411448 |
| Median   | 267890.0 | 0.042580 | -0.200000 | 0.130000 | 8.421100 |
| Maximum  | 1.03E+08 | 2.057000 | 1.211111 | 10.40000 | 5.04E+08 |
| Minimum  | 2000.00 | -0.500000 | -1.82E+08 | -5.200000 | 0.123000 |
| Std. Dev. | 18328014 | 0.251285 | 31358635 | 1.289962 | 85350876 |
| Kurtosis | 2.844975 | 5.400500 | 2.663005 | 4.339184 | 2.905815 |
| Jarque-Bera | 444.7294 | 6572.524 | 418.8674 | 6687.592 | 511.3390 |
| Probability | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 |
| Sum      | 9.18E+08 | 8.684000 | -1.78E+09 | 34.30047 | 3.51E+09 |
| Sum Sq. Dev. | 3.29E+16 | 6.188108 | 9.64E+16 | 163.0722 | 7.14E+17 |
| Observations | 100 | 100 | 100 | 100 | 100 |

### Descriptive Statistics for bank

| Variable | CRS | ROA | ROE | NIM | FSIZE |
|----------|-----|-----|-----|-----|-------|
| Mean     | 48022.00 | 0.026408 | 0.042653 | 0.597347 | 71541309 |
| Median   | 22200.00 | 0.020000 | 0.140000 | 0.310000 | 1933065 |
| Maximum  | 307500.0 | 0.910000 | 1.100000 | 10.40000 | 5.04E+08 |
### Descriptive Statistics for manufacturing companies

| Metric       | CSR          | ROA          | ROE          | NIM           | FSIZE        |
|--------------|--------------|--------------|--------------|---------------|--------------|
| Minimum      | 2000.000     | -0.500000    | -4.800000    | -5.200000     | 1102348      |
| Std. Dev.    | 63239.56     | 0.166237     | 0.794457     | 1.802800      | 1.11E+08     |
| Skewness     | 2.003254     | 2.253688     | -4.765610    | 2.841394      | 1.748587     |
| Kurtosis     | 7.377235     | 19.70888     | 29.64763     | 21.16854      | 6.155765     |
| Jarque-Bera  | 71.89176     | 611.4856     | 1635.254     | 739.8797      | 45.30271     |
| Probability  | 0.000000     | 0.000000     | 0.000000     | 0.000000      | 0.000000     |
| Sum          | 2353078.     | 1.294000     | 2.090000     | 29.27000      | 3.51E+09     |
| Sum Sq. Dev. | 1.92E+11     | 1.326464     | 30.29576     | 156.0042      | 5.87E+17     |
| Observations | 50           | 50           | 50           | 50            | 50           |

### Correlation

| Metric | CSR | ROA | ROE | NIM | FSIZE |
|--------|-----|-----|-----|-----|-------|
| CSR    | 1.000000 |     |     |     |       |
| ROA    | 0.201492 | 1.000000 |     |     |       |
| ROE    | -0.297788 | -0.267499 | 1.000000 |     |       |
| NIM    | -0.091355 | -0.036755 | 0.106895 | 1.000000 |       |
| FSIZE  | -0.211337 | -0.014594 | 0.240442 | 0.051323 | 1.000000 |