IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON THE FINANCIAL PERFORMANCE OF SELECTED QUOTED MANUFACTURING FIRMS IN NIGERIA

BY

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DECLARATION

I hereby declare that this Dissertation has been written by me and it is a report of my research work. It has not been presented in any previous application for MSc. All quotations are indicated and sources of information specifically acknowledged by means of references.

EKE TOBIAS

NSU/ADM/MSC/029/15/16

CERTIFICATION

This Dissertation titled "Impact of Corporate Social Responsibility on the Financial Performance of Selected Quoted Manufacturing Firms in Nigeria" meets the requirement governing the award of Master of Science (M.Sc) degree in Business Administration of the School of postgraduate Studies of Nasarawa State University, Keffi for its contribution to knowledge.

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DEDICATION

This research is dedicated to my beloved wife Mrs. Eke Christiana Eleojo a virtuous woman for in her I see God's love, care and understanding.

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ABSTRACT

The study examines the Impact of Corporate Social Responsibility on the Financial Performance of selected Quoted Manufacturing Companies in Nigeria. Despite global indications or evidences that customers' patronage for a product is directly linked to the company's involvement or contribution to the society in form of Corporate Social Responsibility, manufacturing firms in Nigeria are not deeply committed to it. The study adopted the expo-facto research design. Thus, this study is based on six selected manufacturing firms from three sectors of our economy: the Dangote cement plc and Lafarge cement WAPCO of the Building Material Sector, Nestle Nigeria plc and Unilever of the Food and Beverages Sector and the Okomu Oil Palm plc and Presco of the Agricultural Sector. Secondary data were obtained from the annual report of the selected firms. Human resources Development, community Development and environmental Development were used as indicators for Corporate Social Responsibility and Return on Asset (ROA), Return on Equity (ROE) and Return on Investment (ROI) were used as proxy for financial performance. Panel regression was used as the tool of analysis. It was found that the human resource development disclosure has significant impact on financial performance, community development revealed significant impact on financial performance and environmental development indicator of corporate social responsibility showed an insignificant impact on Financial Performance. The study therefore recommends that the manufacturing firms should spend more on community Development, Human Resources Development and environmental Development.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Corporate Social Responsibility is an important research area that has attracted attention of scholars both globally and locally. Its development is traced back in the nineteenth century, where there were increased concerns about the welfare of the employee and firms became focused on the impact they have in the societies. Events such as the great depression and the industrial revolution further propagated the trend, these events pushed firms to provide welfare, which included the provision of foods, roads and constructions of hospitals. Corporate social responsibility (CSR) has gained so much popularity in the last decade. Companies all over the world are now integrating Corporate Social Responsibility into all aspects of their businesses ((McWilliams, Siegel and Wright, 2006).

In the recent years, Corporate Social Responsibility has also moved from being an irrelevant concept to being one of the most orthodox and widely accepted concepts in the business world. Today, the world is witnessing a dramatic increase in CSR activities, especially in the emerging economies. More than half of the fortune 1000 companies issue corporate social responsibility (CSR) reports. Similarly, a survey by Klynveld Peat Marwick Goerdeler (KPMG), (2013) looked at the global trends in CSR, the findings indicated that 71% of the companies in Pacific Asia carry out and publish CSR reports, 76% was recorded in America, and 73% in Europe. The survey also showed the highest growth since 2011 was in: India by +53%, Chile 46%, Singapore 37%, Australia25%, Taiwan 19%, and China 16%.

The concept of CSR has been subjected to different definitions. However, most definitions include three main issues of economic growth, social progress and ecological balance. According to Regil (2003) Corporate Social Responsibility is the inherent obligation of each business entity to account for the way its activities impact on the economic, social and environmental dimensions of its environs and to ensure that this impact generates equitable and sustainable benefits and no harm to all stakeholders involved. It is a business concept that emphasizes respects for people, ethics, communities and the environment with the aim of satisfying these stakeholders, adding value and increasing their competitive position. It is also viewed as an approach where by firms make commitment to improve their environmental and social performance beyond legal requirement.

Corporate Social Responsibility platform provide firms with the opportunity to make its impact on the society and the potential to make positive contributions to the development of both society and businesses. Presently, many organizations are beginning to see the benefits inherent in setting up strategic Corporate Social Responsibility agendas. Corporate Social Responsibility has the incredible impact of generating positive return for firms as those that partake in it, enjoys good corporate image and reputation in the mind of customers and society at large. Today, in some countries, there are global indications or evidences that customers' patronage for a product is directly linked to the company's involvement or contribution to the society inform of Corporate Social Responsibility and this has added more economic value in terms of enhancing the financial performance of firms that engage in it. This fact is supported by numerous literatures on Corporate Social Responsibility and Firm performance indicating that there is a mediating effect of customer satisfaction on firm performance and Corporate Social Responsibility services and that companies that shows

responsible behavior toward society increase their market value which ultimately lead to increase in financial performance (Alison, Tyson & Jay, 2008).

Engagement in corporate social responsibility implies extra cost for the company, the first objective of management is profit maximization; companies need more certainties about the increase in value that the introduction of Corporate Social Responsibility brings (Ghelli, 2013). Friedman (1970) argues that there is one and only one social responsibility of business, which is to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which means to, engage in open and free competition without deception or fraud. Reich (2007) contends that, as a result of high competition in the market, instead of engaging in CSR projects which harm themselves, corporations need to concentrate on activities that have positive effects and gains.

1.2 Statement of Problem

There are serious issues of environmental degradation inflicted by manufacturing firms as a result of their activities on environment where they operate. These have attracted a lot of opposition and resentment from people in such environment and resulted sometimes into physical confrontation leading to disruption of these firms' operations. Besides, there are issues of youth restiveness calling for firms that operate in their areas to contribute to their community by indulging in capital projects or employ some of them. While firms try to compensate the environment where they operate to make up for the negative impact on their environment and employ members of such community as staff, there is debate as to whether it has resulted in positive financial performance for the firms. Despite global indications or evidences that customers' patronage for a product is directly linked to the company's involvement or contribution to the society inform of Corporate Social Responsibility,

manufacturing firms in Nigeria are not deeply committed to it. The firms' involvement in corporate social responsibility is not commensurate with the benefits enjoyed by them. This study therefore investigates if firm's investment in human resource development, community development and environmental development have added value in terms of performance.

Also, over the years, manufacturing companies such as Dangote cement plc, Lafarge cement WAPCO, Nestle Nigeria plc, Unilever of the food and beverages industry, Okomu oil palm plc and Presco of the agricultural industry have engaged in corporate social responsibility activities in Nigeria like community development, human resource development and environmental development in order to increase their performance in terms of return on asset, return on equity and return on investment, yet these manufacturing companies are performing low

Extant literature such as Roman and Olga (2014); Emily, Mwalati, Robert, Musiega and Maniagi (2014); Simionescu and Gherghina (2014); Xiping, Jinghua, Hongliang and Wenlan (2014); Bader (2016) Grigoris, George, Eleni and Xanthi (2016); Umoren, Isiavwe-Ogbari and Atolagbe (2016) and Eunice (2017) studied the effect on corporate social responsibility on performance using commercial banks, airline industry using ASIAN countries of (Indonesia, Malaysia, Philippines, Thailand, China), Central Europe, Eastern Europe and African countries. None of these authors used mix of manufacturing companies to study the effect of corporate social responsibility on performance. However, this study fills the research gap by examining the effect of corporate social responsibility on performance of manufacturing companies in Nigeria.

1.3 Research Question

i. How has environmental development affected the financial performance of selected quoted manufacturing firms in Nigeria?

ii. What is the effect of human resources development on the financial performance of selected quoted manufacturing firms in Nigeria?

iii. Does community development have effect on the financial performance of selected quoted manufacturing firms in Nigeria?

1.4 Objective of the Study

The main objective of this study is to examine the effect of corporate social responsibility on the performance of selected manufacturing firms in Nigeria. However, this study is designed to accomplish the following specific objectives:

i. To examine the effect of environmental development on the financial performance of selected quoted manufacturing firms in Nigeria

ii. To investigate the effect of how human resource development on the financial performance of selected quoted manufacturing firms in Nigeria

iii. To evaluate the effect of community development on the financial performance of selected quoted manufacturing firms in Nigeria

1.5 Research Hypotheses

The research work on the following hypotheses: -

H01- Environmental development has no significant effect on the financial Performance of selected quoted manufacturing firms in Nigeria

H02- human resource development has no significant effect on the financial performance of the selected quoted manufacturing firms in Nigeria

H03- Community development has no significant effect on the financial performance of selected quoted Manufacturing firms in Nigeria

1.6 Significance of the Study

This research work helps to reveal the extent to which Corporate Social Responsibility have contributed to the financial performance of the selected quoted manufacturing firms. The outcome of this study present how involvement in human resource development, environmental development and community development has added value or not to financial performance of the selected quoted manufacturing firms. This work will also assist other firms' that are yet to indulge in corporate social responsibility activities to make decision whether or not to engage in corporate social responsibility.

The research will add to the series of study in the same field of corporate social responsibility and likely to be available to prospective research students who may also want to exploit gaps in this area. This work may help them to build on their empirical and conceptual findings.

Finally, the study will help relevant stakeholders to know the extent of value added by selected quoted manufacturing firms in corporate social performance and how it has impacted on their performance. For the shareholders, it may help them to see how their firm involvement in CSR improves their financial performance or not. For the government, this may give a true picture of how the selected firms' involvements have significantly or not supported community development, environmental and employee development. For the public, it revealed how the selected firms have been involved in corporate social performance.

1.7 Scope of the Study

This study is based on six selected manufacturing firms from three sectors of our economy. They are the Dangote cement plc and Lafarge cement WAPCO of the building material industry, Nestle Nigeria plc and Unilever of the food and beverages industry and the Okomu oil palm plc and Presco of the agricultural industry. The choice of these firms is to enable the study draw contribution of CSR activities from some of the industries to our economic development. The selected firms are some of the leading companies in terms of contribution to Gross Domestic Product (GDP) in their respective industries. This research work also cover a period of 10 (ten) years from 2007 to 2016 for each of the selected listed manufacturing firms to be able to establish a reasonable impact of CSR activities of these firms on their financial performance. The reason for this period is that the Nigeria Government during this period encouraged manufacturing companies to invest in Nigeria and these companies also assumed diverse social responsibility by being responsible to the community, workers (human resource development), internally displaced persons, physically challenged persons, institutions and also maintaining the environment.

CHAPTER TWO

LITERATURE REVIEW

2.1 Conceptual framework

2.1.1 Concept of Corporate Social Responsibility

The word Corporate Social Responsibility is sometime referred to as Corporate Social Accountability, Corporate Ethic, corporate social performance or Corporate Citizenship. It is subjected to different meaning as this was observed by Mamman (2004), who stressed that there is no agreement over the meanings attached to the concept of Corporate Social Responsibility. The lack of unity in the definition of the concept generates the controversy surrounding the role that a business is expected to play in different countries among business theorists, executives, accountants and the general public. For example, the same Mamman (2004) noted that in Britain, most people see social responsibility as good industrial relations while others view it as "doing good". In Germany for instance, attention is focused on the extent of workers' participation in the decision-making process. In Nigeria, it is widely assumed that the concept refers to management's consideration of social implications of business decisions (Mamman, 2004). However, some businessmen see Social Responsibility as delivery of goods and making of profit. Others regard it as obeying strictly the laws of the land in the course of business activities (Amaechi, Adi, Ogbechie & Amao (2006).

According to Regil (2003), Corporate Social Responsibility is the inherent obligation of each business entity to account for the way its activities impact on the economic, social and environmental dimensions of its environs and to ensure that this impact generates equitable and sustainable benefits-and no harm-to all stakeholders involved. The stakeholders here represent the various interest groups of society where the company operates. They are

workers, consumers, and indigenous groups all with a legitimate right to demand for socially responsible and right corporate behavior. In the words of Charkraborty (2010), Corporate Social Responsibility is a concept whereby firms commit to improve their environmental and social performance beyond legal obligations. It is a commitment to improve the well-being of a community through discretionary business practices and contributions of corporate resources. It is the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve quality of life, in ways that are both good for business and good for development (Korkchi & Rombaut, 2006).

According to Abbah (2015), CSR is a form of corporate self-regulation integrated into a business model. It is the attitude and behaviors of companies and their management towards embarking on project which the immediate society needs but which the government agencies are not providing.

Whatever nomenclature and meaning is used for the term, there is a general consensus that Corporate Social Responsibility is directed towards meeting the needs of stakeholders and the tripartite needs of social, economic and environmental requirement of society. Hence De Regil definition is more acceptably aligned to my thinking.

Siegel and Vitaliano (2007), stated that corporate social responsibility occurs when firms engage in an activity that appears to advance a social agenda beyond that which is required by law. McWilliams and Siegel (2001) described CSR as “action that appear to further some social good, beyond the interest of the firm and that which is required by law.” A point worth noticing is that CSR is more than just following the law (McWilliams & Siegel, 2001). Alternatively, according to Frooman (1997) the definition of what would exemplify CSR is

the following: “An action by a firm, which the firm chooses to take, that substantially affects an identifiable social stakeholder’s welfare.’’ It could be seen from these definitions that a socially responsible corporation should take a step forward and adopt policies and business practices that go beyond the minimum legal requirements and contribute to the welfare of its key stakeholders. When this is done the organization is seen to be performing it’s corporate social responsibility.

Cespa, and Cestone,(2007). defined corporate social responsibility as “The ability of a corporation to relate its operation and policies to the social environment in ways that are mutually beneficial to the company as a whole”. This definition views CSR as an act of company giving back to the immediate and wider community in which it operates. The definition is broad and provides a framework of reference which suggests that business’ responsibility to the society within which it exists goes beyond simply assuming the profit maximizing role alone.

Tsoutoura (2004) defined corporate social responsibility as business seriously considering the impact of the company’s action in society.

Rahman (2008) defined corporate social responsibility as the manager’s duty or obligation to make decision that nurture project, enhance and promote the welfare and wellbeing of stakeholders and society as a whole. This definition sees CSR as a way of saying “thank you” to the environment in which socially investment companies operate and a way of also showing a sense of belonging to the society at large.

Griffin and Mahon (2007) viewed corporate social responsibility as a set of obligations of organisation to protect and enhance the society in which it functions.

What this study observes is that there are as many definitions of corporate social responsibility as there are many writers leaving the construct open to conflicting interpretations. The study is therefore of the view that, for successful implementation, it is crucial that the corporate social responsibility principle be part of the corporations' values and strategic planning, and that both management and employees should be committed to them.

2.1.2 Concept of Environmental Development

Business can best contribute to development and poverty reduction by not only creating new sources of livelihood via social investments but also by ensuring that existing sources of livelihood are not destroyed or lost due to its operations.

Environmental development is the basic physical and organisational structures needed for the operation of a society like industries, buildings, roads, bridges, health services, governance and so on. It is the enterprise or the products, services and facilities necessary for an economy to function (Gbadebo & Olalusi, 2014). Environmental development can be described generally as the set of interconnected structural elements that provide framework supporting an entire structure of development. It is the means of achieving an objective or set of objectives and also includes the objectives. It is an important term for judging a country, region or state's and individual's developments/status. The term typically refers to the technical structures that support a society, such as roads, water supply, sewers, electrical national grids, telecommunications, and so forth, and can be defined as "the physical components of interrelated systems providing commodities and services essential to enable, sustain, or enhance societal living conditions". Viewed functionally, Environmental development is the production of goods and services, and also the distribution of finished products to end-users (markets), as well as basic social services such as schools and hospitals.

For example, roads enable the transport of raw materials to a factory. In military parlance, the term refers to the buildings and permanent installations necessary for the support, redeployment, and operation of military forces (Gbadebo & Olalusi, 2014). According to Owazuaka and Obinna (2014), some of the positive findings of adopting environmental social responsibility include; a safe and clean environment, increased material recyclability, and better product durability and functionality.

2.1.3 Concept of Human Resources Development

Human resources development can also be referred to as human capital development; hence it can be used interchangeably. Human capital development refers to the acquired and useful abilities of all the inhabitants or members of the society (Oluwatobi and Ogunrinola, 2011). Human capital development as the name suggests, represents the management of productive capacity of the people. Just like land or machinery, workers are an essential requirement for production. As such, human capital development denotes the skill of the labour force, how well and efficiently workers can transform raw materials and capital into goods and services (Son, 2010). Human capital development is a framework for the expansion of human capital in an organisation. It is a combination of training and education that ensure the continual improvement and growth of both the individual and the organisation.

Human capital development is the procedure of competence building and tactical mobilization of human capital which opens the door of innovation, increases output and larger global trade as well as combining them with the world economies. Human capital development presumes investments, actions and procedures that produce knowledge, skills, health or principles that are personified in people. It entails constructing a suitable balance and essential mass of the human resource foundation and providing a facilitating environment for all individuals to be

fully engaged and be able to supply the goals of an organization or a nation. Primarily, human capital development consists of conscious efforts to amplify human knowledge, improve skills, productivity and inspire resourcefulness of individuals (Audu, Igwe & Onoh, 2013).

According to Odhong and Were (2013), human capital Management is concerned with obtaining, analysing and reporting on data that informs the direction of value adding strategic investment and operational people management decisions at corporate level and at the level of frontline management. Human Capital management refers to the processes that relate to training, education and other professional initiatives in order to increase the levels of knowledge, skills, abilities, values and social assets of an employer which will lead to the employees satisfaction and performance and eventually on a firms performance (Paul, Sam & Barnabas, 2014). Rastogi (2000) believes that human capital development in organization is an important input for organizations especially for employees continuous improvement mainly on knowledge, skills, competences and attributes embodied in individuals that facilitate the creation of personal, social and economic well-being.

Human capital development teaches employees how to utilize the power of diverse thinking styles (analytical and intuitive) so that they achieve holistic best practical solution. Human capital development is to organize and rationalize the contributions of other factors of production before a result oriented productive goal can be achieve in any industrial setting.

Therefore human capital development is about supporting cum investing in human capital, coaching, training, internship and human capital management (Enyekit, Amaehule & Teerah, 2011).

Human capital development is a presuppose investments, activities and processes that produce vocational and technical education knowledge, skills, health or values that are embodied in employees. It implies building an appropriate balance and critical mass of human resource base and providing an enabling environment for all individuals to be fully engaged and contribute to goals of an organization or a nation. Any effort to increase human knowledge, enhance skills, productivity and stimulate resourcefulness of individuals is an effort of human capital development (Erhurua, 2007).

Bontis and Serenko (2009) defined human capital as representing the human factor in the organization – the combined intelligence, skills and expertise that gives the organization its distinctive character. The human elements of the organization are those that are capable of learning, changing, innovating and providing the creative thrust which, if properly motivated, can ensure the long-term survival of the organization.

Human capital is defined as all human abilities whether innate or acquired attribute, whose value can be augmented by appropriate development investment (Armstrong, 2004). To him, it is the combined elements of intelligence, skills and expertise of human factor that gives the organization its distinctive character. Enyekit, Amaehule and Teerah (2011) human capital development is a process of increasing human knowledge, enhance skills in vocational and technical education for increase in productivity and stimulate resourcefulness. It should be systematic, sustainable and strategic

The (World Bank, 2003) advocates knowledge-based economy which relies primarily on the use of ideas and application of technology. In other word, preparing workers to compete in a knowledge economy requires a new method of education and training, a mode of life-long learning that incorporates learning throughout the life cycle of an individual. It includes

formal, non-formal and informal education and training. According to the (World Bank 2003), a knowledge economy rests on four pillars:

i. A supportive economic and institutional regime which can provide incentives for the efficient use of existing and new knowledge.

ii. Educated and skilled population who can create, share and use knowledge.

iii. A dynamic information infrastructure which can facilitate the effective communication dissemination and processing of information.

iv. An efficient innovation system of firms, research centres, universities, consultants and other organizations that can tap the growing stock of global knowledge, assimilate and adapt it to local needs, and create new technology.

Okotoni and Erero (2005) emphasized that development of human resource is undertaken through formal and non-formal education in order to make workers useful to themselves and the group they are working for. The emerging challenge of developing organizational cultures not only support the acquisition, sharing and management of the knowledge that currently resides in individuals in an organization, but also the creation and application of the knowledge for improving business practices and processes (Cedefop 2002).

According to Ejiofor and Mbachu (2001:121)," no other factor is as important as human resource in maintaining corporate stability, development and profitability of an enterprise…" Therefore, the successful mobilization of employees to get committed to the ideals and aspirations of an organization (organizational commitment) for the purpose of enhancing its growth and profitability is sine-qua-non to organizational survival.

"Human resources possess the intimidating credentials and characteristics to shape organization to be" (Ogbeide 2010). Man is the only resources available that can grow and develop on his own. Human brings also denote the costliest resource of many enterprise and to utilize this heavy investment staff is therefore of paramount importance in inventing, innovating and developing information for the creation of wealth. People are psychological (emotional) beings whose productivity may rise or fall depending on whether they are motivated or demoralized by their work environment.

Manpower development or human resource is the primary responsibility of the organization under the supervision of the Personnel manager. Every organization should develop strategies and policies for human resource development. In this situation firms should evolve strategies and policies that are effective in planning, recruiting ,selecting, motivating and retaining of qualified workers.

Enyioko (2006) emphasized that manpower development programme is aimed at preparing individuals to meet the future needs of the organization. The ability to recruit maintain and hold on to skillful and qualified workers create opportunity for the sustainable growth and development of the organization and its work force.

According to Nnedu (2006) Human resources development is not just training in the mechanics or getting work done but also the development of present manpower for the present and future needs of the organization.

Manpower development aids an employee to be equipped skillfully as well as acquire terrific knowledge through the process. Promotion attained through effective work gives a sense of self-fulfillment and its denial especially when one thinks one merits it deflects one's ego. Nwachukwu (2009) has maintained that: Every organization should identify and encourage

employees who have the potential to contribute their quota in the organization and the society as a whole.

According to Ubeku (2009) human resources department is charged with employment planning, job analysis, job description, job specifications, recruitment selection, employees training and development, motivation of employees', discipline and performance appraisal.

Alika and Stan (2014) stated that human capital development involves increase investment in education and training of the individuals. However, individual's abilities can be enhanced through education and training in organization that bring about effective change in performance of jobs.

Human capital development is a combination of the following four factors: genetic inheritance, education, experience, and attitudes about life and business (Bontis,and Serenko 2001).

Human capital development implies building an appropriate balance and critical mass of human resource base and providing an enabling environment for all individuals to be fully engaged to contribute to national development efforts. It involves providing opportunities for all citizens to develop to their fullest potential through education, training and motivation while creating the enabling environment for everyone to participate fully in national development. Any effort to increase human knowledge, enhance skills and productivity and stimulate the initiative, creativity and resourcefulness of citizens is an effort in human capital development. Investments to entrench good governance, provide supporting infrastructure and develop the education, health and social systems are investments in human capital development.

2.1.4 Concept of Community Development

The term community development is a collection of two words; namely community and development. To have a full insight of what the concepts mean, it is important to look at the words individually. According to Maimunah (2009) Community is seen as group of people sharing common purpose, who are interdependent for fulfillment of certain needs, who live in close proximity and interact on a regular basis. Maimunah (2009) opined that, ideally every community would seek to enhance the general wellbeing of its people through education, training, empowerment, healthcare services and so on. Such strategies enhance development within the community. Puke (2008) view development as a multidimensional process involving the reorganization and reorientation of the entire economic and social system. It encompasses improvement in income and output, changes in institutional, social and administrative structures as well as in popular attitude, customs and beliefs. Omale and Ebiloma (2005) defined development as a process by which the effort of the people is united with those of government or other organizations to improve the economic, social and cultural condition of communities; to integrate these communities into the life of the nation and to enable them to contribute fully to the nations progress.

Maimunah (2009) defined Community development as initiatives undertaken by community with support from external organizations to empower individuals and group by providing them with the skills, they need to effect change in their own community. Maimunah (2009), further opined that external organizations include government and inter-governmental organizations; and various types of business firms. Jenking and Obara (2008), maintain that economic, social and environment are the three dimension of community development which should be addressed in mining communities. There is a general consensus that organization

can best contribute to sustainable community development by optimizing the potential positive social, economic and environmental impact of business activities on host communities and minimizing the corresponding negative impacts on host communities` development.

Community development meant a movement to promote better living for the whole community, with the active participation and if possible, on the initiative of the community, by the use of technique for arousing and stimulating it in order to secure its active and enthusiastic response to the development. It includes the whole range of development activities in the districts, whether they are undertaken by government or unofficial bodies. The International Cooperation Administration sees it as a process of social actions in which the people of a community organise themselves for planning and action and the individual plans with a maximum reliance upon community resources and supplemented these resources when necessary with services and materials from government and non-governmental agencies outside the community.

Community development are development initiatives that provide community groups with a platform, an opportunity to be involved in the development process in its totality especially in decision making. The idea or assumption behind the community development approach is that communities are in charge of how their lives and generally their livelihoods can be improved. They are therefore expected to be involved in the different steps of the development process (Murphy, 2011). Community development is viewed as development mechanisms that enhance sustainability, improve efficiency and effectiveness. Community based projects are responsible for improvement of socioeconomic welfare especially among developing countries (Dongier, Philippe, Domelen, Ostrom, Ryan, Wakeman, Bebbington, Alkire,

Esmail, and Polsky. (2003). community development has been widely employed as the World Bank records lending for such projects having risen from US $325 million in 1996 to $2 billion in 2003 or $3 billion in 1996 to $7billion in 2003 when lending for an enabling environment for such projects is included (Dongier et al, 2001).

2.1.5 Concept of Financial Performance

Financial performance is defined as the general measure of the overall financial health of a business (Pandev, 2010). Financial performance is how well a company uses its asset to generate profits (Klaassen & Eeghen, 2014).

Financial performance measure include maximizing profit on asset (ROA), maximizing shareholders benefits, percentage of sales resulting from new product, return on investment (ROI), earning per shares (EPS) etc. others also tend to benchmark managerial accounting indicators against the financial measures in terms of workers compensation (workers compensation expenses divided by sales); Quality (number of errors in production); Productivity (payroll expenses divided by output).

Organizational performance measures are growth based and are mostly focus on performance with regards to sales value, sales volume and patronage to a company products or services. Other measures of performance known as market performance measurement includes price per share to earnings per share (P/E), market value of equity to book value of equity and Tobins Q. Firm performance may also be measured using subjective approach such as likert scaling for measuring firm performance from top management perspectives.

Performance in organizations takes many forms depending on whom and what the measurement is meant for. Different stakeholders require different performance indicators to

enable them make informed decisions (Manyuru, 2005). According to Richard, Devinney, Yip and Johnson (2009), organizational performance encompasses three specific areas of firm outcomes: (a) financial performance (profits, return on assets, return on investment, etc.); (b) product market performance (sales, market share, etc.); and (c) shareholder return (total shareholder return, economic value added, etc.) Mahapatro, (2009) defines Organizational Performance as the ability of an organization to fulfill its mission through sound management, strong governance and a persistent rededication to achieving results. Thompson and Martin (2010), notes that using financial measures alone overlooks the fact that what enables a company to achieve or deliver better financial results from its operations is the achievement of strategic objectives that improve its competitiveness and market strength. Non-financial measures include innovativeness and market standing performance. Performance is therefore measured by both financial and non-financial measures.

Financial performance is concerned with the analysis of company's financial position, the level of competitiveness in the industry and getting a thorough knowledge of the cost and profit centers within the business. Performance is the accomplishment of a given task measured against preset known standards of accuracy, completeness, cost and speed. To assess accurately how well a business is performing, one needs to develop some quantifiable measures by identifying those aspects of the business process that need improvement and that are working well.

According to Mwangi & Oyenje,(2013) multiple indicators have resulted in a number definition on performance. For example, performance is the degree an organization achieves it goals, the degree an organization acquires the needed resources, the degree an organization maintains internal harmony, and the degree an organization satisfies it stakeholders.

To Devinaga (2010) for one to realise how well an organization is performing it is much more useful to consider return on assets (ROA), return on investment and return on equity (ROE). The above definition reflects some model of organizational performance that is made up of profits, return on assets (ROA), return on investment (ROI)and return on equity (ROE).

2.1.6 Concept of Return on Asset

Return on assets (ROA) is the ratio of Net Income after Taxes (NIAT) divided by Total Assets. The ROA signifies managerial efficiency in other words it depicts how effective and efficient the management of an organisattion has been as they seek to transform assets into earnings. The higher ratio is an indication of higher performance of the firm. It is a useful tool for comparing profitability of one firm with other.

Return on Asset (ROA) is an important financial performance ratio because it measures the efficiency with which the firm is managing its investment in assets and using them to generate profit.

The return on assets ratio measures how effectively a company can earn a return on its invested assets. A higher ratio is more favorable to investors because indicates that the firm is more efficient in managing its assets to generate a greater amount of net income (Nuryaman, 2013) Return on Assets (ROA) is used to measure the effectiveness of the company in generating profits by exploit in its assets. This ratio may give an indication of good or bad management in implementing cost control or management of his property.

According to Ang, Rebel and James (2000) Return on Assets (ROA) is a financial ratio used to measure the degree to which the assets have been used to generate profits. Riyanto (2001). The greater Return on Assets (ROA) shows that the better the company's performance,

because of the greater rate of return on investment, in other words, the return on assets ratio or ROA measures how efficiently a company can manage its assets to produce profits during a period.

Since company assets' sole purpose is to generate revenues and produce profits, this ratio helps both management and investors see how well the company can convert its investments in assets into profits.

Formula: -

$$ROA = \frac{\text{Net profit after tax}}{\text{Total Assets}}$$

2.1.7 Concept of Return on Equity

ROE is one of the most important financial ratios and profitability measurements (Zeitun & Tian, 2014). Return on equity is a good base measurement of how well management is able to translate shareholder equity into profit. Return on Equity (ROE) is a profitability ratio that is used to measure the level of return of the company or the effectiveness of the company in generating profits that are the rights of capital owners. ROE is calculated as net profit after tax divided by the total shareholder's equity. This ratio measures the shareholders rate of return on their investment in the company. Berman, Knight and Case, (2013) ROE tells what percentage of profit the company makes for every monetary unit of equity invested in the company. ROE doesn't specify how much cash will be returned to the shareholders, since that depends on the company's decision about dividend payments and on how much the stock price appreciates. However, it's a good indication of whether the company is even capable of

generating a return that is worth whatever risk the investment may entail (Berman, Knight & Case, 2013).

Formula: -

$$ROE = \frac{\text{Net profit after tax}}{\text{Shareholder equity}}$$

2.1.8 Concept of Return on Investment

Return on Investment (ROI) is a financial measure that has long been employed in the business to monitor the performance of the business. According to the Investopedia, ROI is a performance measure used to evaluate the efficiency of an investment or to compare the efficiency of a number of different investments It measures the firm's efficiency in utilizing invested capital. In other words this ratio expresses company's ability to generate the required return (expected return) based in using and managing the invested resources by the shareholders.

Formula:-

$$ROI = \frac{\text{Net Profit after Tax}}{\text{Total Tangible Assets}}$$

2.1.7 Argument for and Against Corporate Social Responsibility

There are two possible views on the decision for firms to indulge in Corporate Social Responsibility or not. The study examines the argument against Corporate Social Responsibility through the work of Friedman. It then discussed how social and environmental responsibility can be reconciled, with profitability, using the work of Porter.

2.1.7.1 Friedman's View of Corporate Social Responsibility (Against CSR)

Friedman's (1970) is of the opinion that firm focus should be in satisfying shareholders interest (that is maximization of shareholders' wealth) rather than meeting the social responsibility needs of stakeholders. In his view business should aim to earn money while complying with "the basic rules of the society" such as paying taxes (Friedman 1970). It assumes that consumers are sovereign and are able to significantly influence corporate decision-making. This view of commercial organizations underplays the significance of consumer market failure. It is assumed that consumers can take their business elsewhere as Friedman believed that consumers can transfer their business to other producers (Friedman 1970). However, this is not possible if the consumer is unable to pay for another competitor or firm's products. This is the case if a consumer were unable to pay for the safety features. To summarize, socially responsible polices, can be seen as unrealistic if consumers are unwilling to pay for them.

Friedman argued that socially responsible business policies such as promoting equality, can harm company performance. For example, Ben and Jerry's adopted a payment scheme where the highest paid employee could only earn "no more than five times the income of the lowest paid firm employee" (Barney & Hesterly, 2010). This payment scheme made it difficult to

recruit senior managerial talent to make sure that the company grew and remain profitable (Barney & Hesterly 2010).

2.1.7.2Porter's View on Corporate Social Responsibility and the Environment (In Favour of CSR)

The concept of Corporate Social Responsibility is useful as it can help reconcile the financial needs of business with the safety needs of society. Porter argues that it is a mistake for business to see environmental legislation as a threat to be resisted (Porter & van de Linde, 1995). Rather, socially responsible businesses can view regulation in a positive manner; that environmental regulation can be built upon to utilize resources more effectively. It is argued, that there are costs incurred with the elimination of environmental problems but that these are outweighed by the benefits, including financial savings and improvements to product quality (Thompson & Martin 2005). Therefore, it is possible for corporations to be socially responsible without compromising the financial status of the organisation. Porter's argument is useful. It has allowed thoughtful companies, such as Hewlett Packard, to reconcile investment in environmental initiatives with corporate profitability.

2.1.8 Motives of Corporate Social Responsibility

Abbah (2015) identified three motives of CSR of companies. They are: -

1. **Charity Motives: -** This motive prompt companies to donate or engage in projects purely for altruistic reasons. He further stated that in this era of cut throat competition and the ever-increasing demand for more performance by shareholders who see themselves as investors seeking the highest possible returns, true altruism is rare today.

2 **Stewardship Motives**: - This motive requires wealthy individual to consider themselves as steward or caretaker of their own property for the common good. Abbah (2015), asserts that this motive has one of its limbs in the socialist ideal which view accumulation of wealth as exploitatively capitalistic and therefore bad, a sign of greed and unconscionable attitude.

3 **Promotion of Business Wealth through Giving (POWETHROG): -** This is arguably the strongest motive in modern times. CSR is not as altruistic as it seems at first glance. All gifts and donations are "Greek Gifts". They are all done with the true motive to be awkwardly seen as philanthropic but that is really to whip up positive sentiments which are carefully targeted at generating goodwill at least and where possible, to serve as direct and free advertisement or positive publicity.

2.2 Empirical Review

2.2.1 Environmental Development and financial performance.

Umoren, Isiavwe-Ogbari and Atolagbe (2016) investigated 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. Using two years may present a weak regression result since the more the number of years selected the better. The study used only one variable to measure financial performance. This is addressed by this study.

Ham, kim and Yu (2016) examined the empirical relationship between corporate social responsibility and financial performance in Korea for the period of 2008 to 2014. The study used environmental performance, social and corporate governance as proxies of corporate social responsibility and return on equity, market-to-book ratio and stock return as financial performance measures. Using linear correlation and multiple regression technique, the research revealed a mixed result between the corporate social responsibility indicators and financial performance measures. While the environmental performance measure of corporate social responsibility showed a negative and insignificant relationship with financial performance, both social and corporate governance proxies revealed significant relationship with financial performance.

Emily, Mwalati, Robert, Musiega and Maniagi (2014) found out the effect of CSR on organization performance. This research limits itself to selected commercial banks in Kakamega that's equity and cooperative bank. A population of over 10,000 customers was use, the researcher picked corporate customers of around 70 customers; a sample size of 50 was used to carry out the research. The questionnaires were administered randomly for bank management, bank staff and customer among other stake holders in the banking industry. The internal consistency for performance independent variable was achieved through the use of reliability Cronbach's Alpha coefficient which had an alpha of 0.915 implying that the instruments used were reliable for the study. Based on the results of this study, it was

concluded that philanthropic responsibility of a bank has an impact on bank performance. The positive significant correlation coefficient 0.490, P<0.05 shows that any increase in philanthropic responsibility will increase the performance of the bank. The intervening variables government policy and priority both had significant impact on organisation performance as there was significant increase in R square for both models though government policy had got the highest increase of the two variables.

These authors used only commercial banks to study the effect of corporate social responsibility and performance.

Xiping, Jinghua, Hongliang and Wenlan (2014) examined the relationship between Corporate Social Responsibility (CSR) and Corporate Financial Performance (CFP) using panel data for 228 Chinese mineral listed firms from 2010 to 2013 with Pooled Least Squares regression analysis. The study considers five different sublevel CSR issues—shareholder responsibility, employee responsibility, environmental responsibility, public responsibility, and supplier, customer and consumer responsibility—in capturing the effects of CSR elements on CFP. The estimation results show the different effects of each sublevel CSR issue on CFP. Overall, shareholder, employee responsibility, environmental responsibility, supplier, customer and consumer responsibility have significant relationships with CFP, which are the stakeholders who have the closest linkage with firm operations. Meanwhile, public responsibility outside the firm does not show significant interaction with CFP, which is why many mineral firms ignore the public interest and this leads to conflicts. Shareholder responsibility has the most significant positive effect on CFP. Supplier, customer and consumer responsibility and environmental responsibility have negative effects on CFP as costs increase. Moreover, all 228 listed mineral firms that were selected in this paper have been classified into five sub-

sectors: the extractive industry, metal fabrication Sustainability industry, oil and gas industry, gas and water-related industry, and oil-producing equipment industry, based on the Industry Classification Benchmark (ICB). The study shows that the differences in the relationship between CSR and CFP for five sublevel industries are due to industry characteristics. Three years duration is too short and may present a weak regression result since the more the number of years selected the better. This is addressed by this study.

Eunice (2017) studied the Corporate Social Responsibility and Financial Performance relationship among selected companies in the ASIAN countries of Indonesia, Malaysia, Philippines and Thailand during a 10-year period ending 2015. Financial performance was determined using financial ratios of Return on Assets, Return on Equity, Return on Capital Employed, Gross Margin, Net Profit Margin, Earnings per Share, Price to Earnings Ratio, Price to Book Value Ratio, Price to Cash Flow Ratio and Dividends Yield Ratio. Corporate Social Performance was determined using author-created sustainability scoring based on the presence or absence of identified Corporate Social Responsibility reporting factors for the year. The relationship of Corporate Financial Performance and Social Performance was statistically determined using Pearson Product Moment Correlation, with other variables namely company size and level of risk. The study revealed mixed results whereby the CSR and Financial Performance of selected companies in the Southeast Asian countries of Indonesia, Malaysia, Philippines and Thailand exhibited positive, negative and neutral correlation at various significance levels.

Roman and Olga (2014) examined the relationship between CSR and financial performance in the airline industry in Central and Eastern Europe. A sample of 20 audited financial statements of airline firms were selected randomly. The study analyzed the impact of CSR

activities on the financial performance of firms. The Return on Equity (ROE) and Return on Assets (ROA) were used as indicators to measure financial performance of firms whiles the independent variables were Community Performance (CP), Environment Management System (EMS) and Employee Relations (ER). The study found that there is a significant positive relationship between CSR initiatives and financial performance measures. More specifically, the findings revealed positive relationship between the independent variables of CSR thus, CP, EMS and ER and the financial performance of airline firms in terms of the ROE and ROA. The paper does not attempt to establish causality between CŚR and financial performance. The paper attempts to contribute to the existing knowledge in the field by examining the extent to which CSR relates to financial performance of airline firms only.

Simionescu and Gherghina (2014) empirically investigated the relationship between CSR and corporate performance by using both accounting-based performance measures (ROA, ROE, and ROS), as well as market-based firm performance measures (PER, EPS, and PBV), for a sample of companies listed on the BSE during the period 2008-2011. In addition, there were considered several control variables that cover firm's characteristics including size, indebtedness, as well as the company's tenure. By employing panel data regression models without cross-section effects, they found a negative relationship between CSR and ROS, as well as a positive association between CSR and EPS. Furthermore, by estimating fixed-effects panel data regression models, the positive relationship between CSR and EPS was reinforced. Three years duration is too short and may present a weak regression result since the more the number of years selected the better the result will be. This is addressed by this study.

Bader (2016) explored the relationship between corporate social responsibility, employee engagement, and organizational performance in Jordanian mobile telecommunication

companies. A total of 350 questionnaires containing 37 items were used to collect information from the respondents. Multiple and simple regression analyses were conducted to test the research hypotheses. Results of the current study revealed that corporate social responsibility (both internal and external) and employee engagement (vigor, absorption, and dedication) have a significant positive relationship with organizational performance. Also, the results revealed that there is a significant positive relationship between corporate social responsibility (internal CSR and external CSR) and employee engagement.

Grigoris, George, Eleni and Xanthi (2016) investigated corporate social responsibility (CSR) effects on the financial performance of the United States (US) companies. In particular, the impact of CSR on financial performance is investigated in terms of involvement in socially responsible initiatives instead of outcome. The Environmental, Social and Governance disclosure score as calculated by Bloomberg is used as a proxy for corporate involvement in socially responsible initiatives. Fixed effects regression is employed to estimate the relationship between the extent of corporate social disclosure (CSD) and financial performance using the data of listed companies on the Standard & Poor's 500 during the period 2009-2013. The results suggest that the involvement in socially responsible initiatives has a significantly positive effect on financial performance. In addition, the control variables, such as total compensation to directors, chief executive officer duality and women presence on board are statistically significant to financial performance. It is important to incorporate a longer period in order to validate the positive relationship between CSR and financial performance, whilst the sample is focused on large size US companies.

Michael (2014) investigated whether CSR engagement has a direct impact on financial performance in the form of stock returns. This is examined by using a specific case, namely

the release of Folksam's Index of Corporate Social Responsibility report, and is conducted through an event study. The time frame covered is the years of 2006 to 2009, 2011 and 2013, in which the report has been released. The publisher of the report, Folksam, is one of Sweden's largest investment-and insurance companies, and the report assesses the CSR engagement within environmental and human rights, for all companies on OMX Stockholm stock exchange, which therefore form the total population examined. To identify the reactions of investors on the report release, three samples were 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 event study methodology used follows a classical approach, by using the market model for estimation of normal and abnormal returns. The estimation window covers the 126 days prior to 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 have an effect on 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.

In a research work by Konar and Cohen (2001) on the impact of firm´s environmental performance represented in market-value movements of their stocks and financial performance, they found a significant added-value to the literature, as it extends the standard economic technique of decomposing a firm´s market value into the components of tangible

and intangible assets. This is done by filtering the intangible environmental part out of the total intangible asset value. The authors find that there is a significant positive relationship between a firm´s environmental performance and the intangible asset value of a sample taken. In addition, the findings further suggest that major corporations "voluntarily over comply" with environmental regulations in order to externally portray a healthy environmental image. Yet, the authors fail to prove whether this relationship is truly causal and leads to the positive significance among the variables.

In Australia, Brine, Brown and Hackett (2006) examined the relationship between financial performance and Corporate Social Responsibility across the top 300 listed banks for the 2005 financial year. A total of 277 banks were drafted into their sample after banks with missing data needed to conduct the research were eliminated. They based their Corporate Social Responsibility measurement on whether banks made separate sustainability disclosure beyond what is required of them by the regulatory framework. Their findings discovered a significant relationship between corporate social responsibility and financial performance of the used banks. They recommended that bank should partake in Corporate Social responsibility activities to enjoy the benefits of value adding performance. This study used only commercial banks to examine the relationship between corporate social responsibility and financial performance without using other financial institutions.

In a study by Lyon and Maxwell, (2008) on the relationship between Corporate Social Responsibility and the environment, the study showed how both market and non-market forces are making environmental Corporate Social Responsibility profitable and discussed altruistic Corporate Social Responsibility. The researchers found that non-governmental organizations strongly influence Corporate Social Responsibility activities, through both

public and private politics. The authors posit that Corporate Social Responsibility can have varied effects; from attracting green consumers or investors, to preempting government regulation, to encouraging regulation that burdens rivals. They however, observed that welfare effects of Corporate Social Responsibility are subtle, and there is no guarantee that Corporate Social Responsibility enhances social welfare.

Mittal, Sinha and Singh (2008) analysed the relationship between Corporate Social Responsibility and organizational profitability to determine the economic value added (EVA) and market value added (MVA). The study discovered that a positive relationship exist between Corporate Social Responsibility and company's reputation and that there is little evidence that companies with a code of ethics would generate significantly more economic value added (EVA) and market value added (MVA) than those without codes.

In Nigeria, Ngwakwe (2009) investigated the effect of environmental responsibility on firm performance. The research work used a sample of 60 manufacturing firms in Nigeria with Return on Total Assets (ROTA) as measure of performance. The result revealed a significant relationship between community development (CD) and performance at 5% significant level. Hence he recommended that firms that intend to enjoy community supports and patronage must indulge in corporate social responsibility activities. This study used only one variable that is return on assets as proxy for financial performance and community support as proxy for corporate social responsibility.

Skare and Golja (2012) investigated the relationship between Corporate Social Responsibility and financial performance. The study concludes that Corporate Social Responsible firms in the average enjoy better financial performance than non-Corporate Social Responsible firms.

They suggested that it will pay firms heavily if they take part in Corporate Social Responsibility activities since that will boast their patronage and increase their income base.

Enahoro, Akinyomi and Olutoye (2013) evaluated the relationship between corporate social responsibility and financial performance with evidence in Nigeria manufacturing sector using multiple linear regressions as a tool of analysis. Their study adopted environmental management system, community performance and employees relations as corporate social responsibility measures and used profit before tax and companies turnover as financial performance proxy. The research revealed a significant relationship between corporate social responsibility and financial performance measures. They recommended that firms should increase their investment in corporate social responsibility as this would boast their financial performance in the long run.

In a study by Iqba, Naveed, Naqvi,Skindar ,Bashir & Sattar (2014) on Corporate Social Responsibility and its possible impact on firms financial performance in banking sector of Pakistan, using donation as a component of CSR and Net profit margin and earnings per share as performance measures, they discovered that there is a positive relationship between corporate social responsibility and financial performance. Their study recommended that firm should have a Corporate Social Responsibility policy that should be review periodically and there should be proper implementation of policy and that policy should be prepared and approved by the Board of Governors. This study used only one proxy each for dependent and independent variable.

In a similar study, Yahya and Bargebar (2014) investigated the impact of Corporate Social Responsibility Disclosures on the financial performance of companies listed on the Tehran Stock Exchange adopting multiple-linear regression approach. The study used environmental

dimensions, economic and social dimensions as Corporate Social Responsibility Disclosures measures and both accounting measures of Return on sale, Return on asset, Return on equity and market proxies of sales return and price earnings ratio as financial performance measures. The study showed a significant effect of Corporate Social Responsibility Disclosures on financial performance.

2.2.2 Community Development and Financial Performance

In Nigeria, Oba (2009) investigated the effects of Corporate Social Responsibility on Market Value of Quoted Conglomerates in Nigeria. He examined the link between Community Corporate Social Responsibility (CSR) and Tobin's Q by applying multiple regressions as a tool for analysis. The result revealed an insignificant relationship between Community Corporate Social Responsibility and Tobin's Q. The human resource management variable has been measured in terms of health and safety systems, systems for employee training and development and equal opportunity policies

Bechetti, Ciciretti and Hassan (2007) investigated the relationship between Corporate Social Responsibility and shareholders value and found a significant rise in absolute value and abnormal returns, irrespective of the type of event, and a significant negative effect on abnormal returns after exit announcements from the Domini index. The latter effect continued even after controlling for concurring financial distress shocks and stock market seasonality. The findings established that Corporate Social Responsibility leads corporations to refocus their strategic goals from the maximization of shareholders value to the maximization of the goals of a broader set of stakeholders. They concluded that market penalizes the exit from social responsibility index and ethical funds.

In a study by Choi and Jung (2008) on ethical commitment, financial performance and valuation; an empirical investigation of Korean Companies and using primary data obtained through 248 usable questionnaires administered to business managers from various level found a significant association between ethical commitment of Korean firms, financial performance and corporate valuation measures.

In a study by Etim (2010) on Corporate Social Responsibility and Financial performance in Nigeria deposit money bank using community corporate social responsibility, charity contribution and human resources development as proxies for CSR and Return on Equity as financial performance measures, he discovered that there is significant effect between CSR and financial performance of deposit money bank in Nigeria. The research used a sample of seven (7) banks and adopted the multiple regression approach in analyzing the data's obtained at 5% significant level. The study recommended that a dialogue should be made between businesses and stakeholders in determining common standard, reporting mechanism and the extent to which they may be responsible.

In the work of Babalola (2012) on the impact of social Audit on financial performance using ordinary least square as the tool of analysis, he found a negative relationship between corporate social responsibility investment and profit after tax. The study used profit after tax as proxy for financial performance and corporate social responsibility investment as CSR measures. This study used only one proxy each for dependent and independent variable.

In a related study by Uadiale and Fagbemi (2012) on corporate social responsibility and financial performance using business ethical principles, corporate governance, social compliance, environmental and social report, environmental compliance, community investment, product integrity and corporate giving as measures of corporate social

responsibility and return on asset and return on equity, they discovered that corporate social responsibility has a positive and significant relationship with financial performance measures. The study also adopted the multiple regression technique for analyzing the relationship between the independent and dependent variables.

2.2.3 Human Resources Development and Financial Performance

Mishra and Suari (2010) examined whether corporate social responsibility towards primary stakeholders influences the financial and the non-financial performance of Indian firms. Perceptual data on Corporate Social Responsibility and Non-Financial Performance were collected from 150 senior-level Indian managers including CEOs through questionnaire survey. Hard data on financial performance of the companies were obtained from secondary sources. A questionnaire for assessing Corporate Social Responsibility was developed with respect to six stakeholder groups - employees, customers, investors, community, natural environment, and suppliers. A composite measure of Corporate Social Responsibility was obtained by aggregating the six dimensions. Findings indicate that stock-listed firms show responsible business practices and better financial performance than the non-stock-listed firms. Controlling confounding effects of stock-listing, ownership, and firm size, a favorable perception of managers towards Corporate Social Responsibility is found to be associated with increase in Financial Performance and Non-Financial Performance of firms

Tilt (2010) examined the contribution of accounting and accountants to the debate and practice of Corporate Social Responsibility and concluded that accountants interest in Corporate Social Responsibility is much more wide ranging than simply an interest in the financial impacts on society. This study focused on one variable of corporate social

responsibility disclosure. It fails to consider the impact of corporate social responsibility on environment, community development and others.

In New Zealand, Lyon (2007) undertakes a research to investigate the relationship between Corporate Social Responsibility activities of firms and their financial performance using two industries, production and service industries and using a spearman's rank-order correlation. The study finds a positive relationship between Corporate Social Responsibility activities and financial performance. The study concludes that the industry in which a firm operates affects the relationship between corporate social responsibility reporting and financial performance and that the production industry stands to benefit financially from reporting more corporate social responsibility. Thus, Industry type is regarded in literature as a moderating variable. Spearman's rank-order correlation only is not a suitable tool for corporate social responsibility analysis.

Choi, Kwak and Choe (2010) used panel model to assess the impact of corporate social responsibility and financial performance. They measured corporate social responsibility using both equal weighted corporate social responsibility index and stakeholder weighted index and applied return on asset (ROA), return on equity (ROE) and Tobins Q as financial performance measures. The research showed a positive and significant relationship between corporate financial performance and the stakeholder-weighted Corporate Social Responsibility index but did not reveal the same for the equal weighted Corporate Social Responsibility index.

In Nigeria, Olayinka and Temitope (2011) assessed the relationship between Corporate Social Responsibility and financial performance using qualitative research method and data on variables which were believed to have relationship with Corporate Social Responsibility and financial performance. That is, for corporate social responsibility they adopted proxies like

employee relation, environmental management system and community performance and used return on asset, and return on equity as performance measures for financial performance. The result revealed that Corporate Social Responsibility 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 Corporate Social Responsibility on financial performance.

In Indonesia, Kartadjumena, Hadi and Budiana (2011) evaluated the relationship between Profit and Corporate Social Responsibility disclosures and financial performance of manufacturing industry. Using student t- test and chi-square for analyzing data obtained for the study, the study found a positive relationship between Corporate Social Responsibility disclosures and Earning Per Share. They therefore recommended that manufacturing firms should heavily invest in Corporate Social Responsibility to continue to enjoy the benefit inherent in it. t-test and chi-square are not a suitable modern tool for corporate social responsibility analysis.

Also Hossein, Kamran and Mustapha (2012), studied the relationship between Corporate Social Responsibility and economic performance by examining different impacts of positive and negative Corporate Social Responsibility activities on financial performance of hotel, restaurant and airline companies. Their findings suggested mixed results across different industries contributing to companies‟ appropriate strategic decision-making for Corporate Social Responsibility activities by providing more precise information regarding the effects of each directional Corporate Social Responsibility activity on financial performance.

Similarly, Emilson, Classon and Bredmar (2012) researched into the correlation between Corporate Social Responsibility and profitability using economic value added (EVA). The

study shows a low positive correlation between profitability and Corporate Social Responsibility. But previous research and the practical examples from the selected companies show a strong positive correlation between Corporate Social Responsibility and profitability.

Servaes and Tamayo, (2013) investigated the role of customer awareness with respect to the impact of Corporate Social Responsibility on firm value. The study showed that Corporate Social Responsibility and firm value are positively related for firms with high customer awareness, as proxy by advertising expenditures. The impact of corporate social responsibility and firm value is found to be either negative or insignificant for firms with low customer awareness. In addition, the research also found that the effect of awareness on the Corporate Social Responsibility and firm value is reversed for firms with a poor prior reputation as corporate citizens. This evidence is consistent with the view that Corporate Social Responsibility activities can add value to the firm but only under certain conditions.

Oluyemi, Yinusa, Abdulateef and Akindele (2016) evaluated the impact of corporate social responsibility on the wellbeing of workers in the Nigerian banking system. Covering ten commercial banks in Ilorin, North Central Nigeria and using primary data obtained from questionnaire administered to 160 participants and applying chi-squire statistical tool of analysis, the study showed that, 85.0% of the participants, employers provided for them health facilities even though only 55.1% of the health facilities provided are adequate. A significant relationship was also found between participants' wellbeing and health facilities provided $p<0.05$, while there was no significant relationship between wellbeing of participants and adequacy of the health facilities provided by participants employers $p>0.05$. The study concluded that, even though some banks in the country provide health facilities for their workers, the health facilities provided are not adequate to meet the health needs of the

workers. The study however, recommended a more comprehensive health plan for bankers that cover lifesaving health care services such as intensive care, surgeries and other life threatening diseases.

Guest, Michie, Conway, & Sheehan, (2003) conducted both cross sectional and longitudinal study taking 366 firms with over 50 employees. They selected 48 items on human resources management covering nine main areas: recruitment and selection, training and development, appraisal, financial flexibility, job design, two-way communication, employment security and the internal labour market, single-status and harmonisation and quality as human resources measures and found that using objective measures of performance, greater use of human resources practices was associated with lower labour turnover and higher profit per employee, but showed no association with human resources and productivity. There was a strong association between subjective estimates of human resources and productivity and financial performance. The study supports the association between human resources management and performance but does not show that human resources management causes high performance. However, no statistical evidence was found regarding the effects of other human resources practices on employees' turnover intentions.

2.3 Theoretical Framework

2.3.1 Shareholder Theory

The shareholder theory was first propounded by Milton Friedman (1972) who states that a company's only responsibility is to increase its profits. He argued that a company should have no "social responsibility" to the public or society because its only concern is to increase

profits for itself and for its shareholders. However, shareholders must rely on management to perform various functions as; managers may prioritize themselves in running of companies, which means that in actual fact, they do not create value for shareholders (Lazonick & O'sullivan, 2000). Furthermore, companies do not always have the knowledge or competence for different kinds of social and environmental projects. Resources are not used effectively when companies engage in different Corporate Social Responsibility activities (Henderson, 2001). The origin of the shareholder perspective is that most companies start from an owner initiative associated with risk. The owner or entrepreneur invests his or her resources in an idea, but without a guaranteed returns on investment whereas, the return to other stakeholders such as lenders, employees, suppliers, is often regulated in contracts (Gotherstrom, 2012). From the perspective of shareholder value, the owners are special stakeholders and their interests should be prioritized. The owner can exert influence over the business, which to some extent compensates for the higher risk. The owners should therefore be prioritized over other stakeholders (Borglund, De Geer, Sweet, Frostensen, Lerpold, Nordbrand, Sjostrom, and Windell, 2012).

2.3.2 Legitimacy Theory

Another theory from which Corporate Social Responsibility is applicable is legitimacy theory. This theory implies that businesses are bound by the social contract in which the firms agree to perform various socially desired actions in return for approval of its objectives and other rewards and this ultimately generates its continued existence. Legitimacy is defined as a generalized perception or assumption that the action of an entity are desirable, proper or appropriate within some socially constructed systems of norms, values, belief and definitions

(Laan, 2009) The theory implies that there is interaction between groups and society. Organizations are one part of society and they exist if they are considered legitimate by groups in society. Depending on an organization's perception of its state or level of legitimacy, it may employ "legitimation" strategies (Laan, 2009). Business should endeavor to establish, extend, maintain and defend their legitimacy (Tilling, 2005). Organisations needs adequate planning and control for potential, existing or perceived legitimacy gaps following legitimacy threats (Vourvachis, 2008). The theory implies that organizations seek to operate within what is considered accepted in society which is the essence of Corporate Social Responsibility. Stakeholder theory and legitimacy theory have developed from the broader political economy perspective. They both focus attention on the nexus between the organization and its operating environment despite the fact that they are different (Laan, 2009).

2.3.3 Ethical Theory

The ethical theory of Corporate Social Responsibility by Kant (1990) argues that corporations have a moral obligation to people and the planet which supersede the singular pursuit of profit. The ethical branch of stakeholder theory suggests that all stakeholders have the right to be treated fairly by an organization. The ethic of CSR has been described as "the alignment of business operations with social values. It is not ethical to give attention only to shareholders and neglect employers" and customers" interest (Gotherstrom, 2012). In ethical theory, the firm is a vehicle for coordinating stakeholder interests and management has a fiduciary relationship to all stakeholders: where interests" conflict, business is managed to attain optimal balance among them (Tilt, 2010).

2.3.4 Stakeholder Theory

A very basic theory to Corporate Social Responsibility is stakeholder theory. The theory asserts that managers must satisfy a variety of constituents (e.g., workers, customers, suppliers, local community organizations) who can influence firm outcomes. The theory was originally detailed by Freeman in 1984. It attempts to identify numerous different factions within a society to whom an organization may have some responsibility. Developments on stakeholder theory that exemplify research and theorizing in this area include Donaldson and Preston (1995), Mitchell, Agle, and Wood (1997) and Phillips (2003).

Firms that pay close attention to their stakeholders and are consistent in sustaining their social performance as well as political performance will have improved reputation and financial performance. Corporate philanthropy is one of the most distinguishing factors between stockholder theorists who suggest profit maximization as the sole responsibility of a manager and stakeholder theorists who advance corporate citizenship This study is in conformity with stake holder theory.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

This study adopts ex-post facto research design. This is because the study relied on secondary data that are quantitative in nature and these data already exists in the organization.

3.2 Population sampling and Sampling Technique

This research work draws its population from the ninety four (94) manufacturing firms that enjoy first-tier listing on the Nigerian Stock Exchange (NSE) as at December 31st, 2016. The sample period is ten years ranging from 2007 to 2016.

Judgmental sampling technique was used to select six (6) listed manufacturing firms that have significantly invested in corporate social responsibility in this period. These firms were drawn from the sectors that have contributed immensely to the gross domestic product of the Nigeria economy. They are Dangote cement plc and Larfarge cement WAPCO plc, Okomu Oil palm plc and Presco, Nestle Nigeria plc and Unilever Nigeria plc were selected from building material, agriculture and the food and beverage industries respectively. The choice of these firms is due to their huge contribution to both their respective sectors and the huge value they have added to the Nigeria economy. Besides, the selected firms have been involved in Corporate Social Responsibility activities for the period covered by the research by providing scholarship to students, assisting the community in buildings schools and providing services to the customers in Nigeria. This period actually witnessed a boom of financing activities by Nigerian Manufacturing firms prior to the global financial crisis.

3.3 Method of Data Collection

The study used secondary data as a means for data collection. These data were obtained from each of the selected manufacturing firms. The data for corporate social responsibility activities were also gotten from the financial statement as each of the firms states in content form (dummy variable). The respective data for Corporate Social Responsibility proxies of human resource development, environmental development and community development were selected and analyze in line with the work of Lanis and Richardson (2011) and as adopted by Fodio, Musa and Chiedu (2013). For financial performance, the records used were obtained from the annual report of the selected firms from 2007 -2016

3.4 Technique for Data Analysis and Model Specification

The analysis was done using both descriptive and inferential statistical tools. Descriptive statistical tools used are mean, median, standard deviation, minimum, maximum while panel regression was used as inferential statistical tool to test the hypotheses.

The model for this study is specified as: -

$ROA_{it} = \beta_0 + \beta_1 CD_{it} + \beta_2 HD_{it} + \beta_3 ED_{it} + \mu t$ …….. 1

$ROE_{it} = \beta_0 + \beta_1 CD_{it} + \beta_2 HD_{it} + \beta_3 ED_{it} + \mu t$ ……..,,2

$ROI_{it} = \beta_0 + \beta_1 CD_{it} + \beta_2 HD_{it} + \beta_3 ED_{it} + \mu t$ ……3

Where:-

ROA= Return on Asset; ROE= Return on Equity, ROI= Return on Investment; HD= Human Resource Development; ED= Environmental Development; CD = Community Development; μt = Error Terms; $\beta 0$ = Constant Term; $\beta 1$-$\beta 3$= Coefficient of independent variables.

4.4.1 Measurement of Variables

a) Return on Asset- This shows how profitable a company's assets are in generating revenue. It state how much of earnings is been derived from each naira of asset an organization control. It is expressed as:-

$$ROA = \frac{\text{Net profit after tax}}{\text{Total Assets}}$$

b) **Return on Equity:-** This measure how much shareholder earns for its investment. The ratio indicates how profitable a company is by comparing its net income to average shareholder equity. The higher the percentage, the more efficient equity holders fund is being utilized. It is represented as:-

$$ROE = \frac{\text{Net profit after tax}}{\text{Shareholder equity}}$$

c) **Return on Investment:-** This is a measure used to evaluate the efficiency of an investment or to compare the efficiency of a number of different investments. It shows the ratio of money realized/unrealized on an investment relative to the invested amount.

$$ROI = \frac{\text{Net Profit after Tax}}{\text{Total Tangible Assets}}$$

d) **Human Resource Development (HRD) –** This is an independent variable used as one of the proxies for corporate social responsibility. In applying this variable, where the firm reports on systems for employee training and development, equal opportunity policies, health and safety systems of employees; such a firm is assigned '1' and where it does not exist, it is assigned '0'.

e) **Environmental Development (ED)** – This variable is captured also as an independent variable. Where the firm reports on, Environmental protection statement, pollution prevention and control, recycling activities, noise reduction and environmental best practices in the supply chain; such a firm is assigned '1' and where otherwise it is assigned '0'.

f) **Community Development (CD)** – This variable is used as a dummy variable and it represent one of the independent variables. Where the firm reports on efforts to develop its immediate community via developmental policies, and involvement in issues such as Participation in government social campaign, Community programs (health and education), Key Performance Indications (KPI) linked to CSR, assigned specific responsibilities, Policies on sports, education, social amenities, infrastructural facilities and community health; such a firm is assigned '1' and where otherwise it is assigned '0'

The Corporate Social Responsibility proxies of Community Development, human resources development and environmental performance are dummy variables and are determine along the line of Lanis and Richardson, (2011) composite value as adapted in the work of Fodio at al (2013): The items were recognized using a content analysis; whereby an item identified as being implemented and is reported in the annual report, scores '1' and where otherwise it scores '0'

3.5 Justification of Methods

The research used the panel regression technique for analysis. This is suitable for the study of this nature because it involves variables that are more than one. This approach has satisfied the taste of time as numerous researches in modern day have applied them to arrive at testable and applicable use. In addition, the research of this kind uses secondary data for analysis which have been used from time immemorial in the field of research. Besides, the application of Durbin Watson and multi-collinearity test was used to validate result.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Data Analysis and Results

Table 4.1: Descriptive Statistics on ROA and other Variables

	ROA	ROE	ROI	ED	CD	HRD
Mean	13.46247	33.12425	19.11973	0.771930	0.596491	0.771930
Median	13.12000	27.81292	19.59535	1.000000	1.000000	1.000000
Maximum	28.57000	92.79000	40.91000	1.000000	1.000000	1.000000
Minimum	0.800000	1.900000	-1.455680	0.000000	0.000000	0.000000
Std. Dev.	7.651172	22.66113	9.543708	0.423318	0.494962	0.423318
Skewness	0.096017	1.012523	0.285816	-1.296175	-0.393359	-1.296175
Kurtosis	1.794904	3.506364	2.531172	2.680070	1.154731	2.680070
Jarque-Bera	3.536693	10.34838	1.298087	16.20376	9.556862	16.20376
Probability	0.170615	0.005661	0.522545	0.000303	0.008409	0.000303
Sum	767.3606	1888.082	1089.825	44.00000	34.00000	44.00000
Sum Sq. Dev.	3278.264	28757.51	5100.613	10.03509	13.71930	10.03509
Observations	57	57	57	57	57	57

Source: Researcher's Computation Using E-Views 9.0, 2018

Table 4.1 indicates that Return on asset (ROA) has a mean value of 13.46 over the period of review, median value of 13.12 which shows that there is absence of outlier in the values. It has a maximum value of 28.57 and minimum value of 0.80. The variable has a standard deviation of 7.65 which suggests that the value of the observation is spread across its mean value of 13.46 The skewness statistics of the variable is 0.09, suggesting that it is positive,

while the kurtosis statistics of 1.79 suggests that the observation is leptokurtic in distribution. The Jaque-Bera statistics 3.53 with a probability value of 0.17 suggests that the ROA is normally distributed at 5% level of significance.

Table 4.1 indicates that Return on equity (ROE) has a mean value of 13.12 over the period of review, median value of 27.18 which shows that the absence of outliers in the values. It has a maximum value of 92.79 and minimum value of 1.97. The variable has a standard deviation of 22.66 which suggests that the value of the observation is spread across its mean value of 13.12 The skewness statistics of the variable is 1.01, suggesting that it is positive, while the kurtosis statistics of 3.51 suggests that the observation is leptokurtic in distribution. The Jaque-Bera statistics 10.34 with a probability value of 0.005 suggests that the ROE is not normally distributed at 5% level of significance.

Table 4.1 indicates that Return on investment (ROI) has a mean value of 19.11 over the period of review, median value of 19.59 which shows that the absence of outliers in the values. It has a maximum value of 40.91 and minimum value of (1.45). The variable has a standard deviation of 9.54 which suggests that the value of the observation is spread across its mean value of 19.11 The skewness statistics of the variable is 0.28, suggesting that it is positive, while the kurtosis statistics of 2.53 suggests that the observation is leptokurtic in distribution. The Jaque-Bera statistics 1.29 with a probability value of 0.52 suggests that the ROI is normally distributed at 5% level of significance.

Table 4.1 shows that environmental development (ED) has a mean value of 0.77 over the period of review, median value of 1.00 which shows that the absence of outliers in the values. It has a maximum value of 1.00 and minimum value of 0.00. The variable has a standard

deviation of 0.42 which suggests that the value of the observation is spread across its mean value of 0.77. The skewness statistics of the variable is (1.29), suggesting that it is negative, while the kurtosis statistics of 2.68 suggests that the observation is leptokurtic in distribution. The Jaque-Bera statistics 16.20 with a probability value of 0.00 suggests that the ED is not normally distributed at 5% level of significance.

Table 4.1 portraits that community development (CD) has a mean value of 0.57 over the period of review, median value of 1.00 which shows that the absence of outliers in the values. It has a maximum value of 1.00 and minimum value of 0.00. The variable has a standard deviation of 0.49 which suggests that the value of the observation is spread across its mean value of 0.57. The skewness statistics of the variable is (0.39), suggesting that it is negative, while the kurtosis statistics of 1.15 suggests that the observation is leptokurtic in distribution. The Jaque-Bera statistics 9.55 with a probability value of 0.008 suggests that the CD is not normally distributed at 5% level of significance.

Table 4.1 portraits that human resource development (HRD) has a mean value of 0.77 over the period of review, median value of 1.00 which shows that the absence of outliers in the values. It has a maximum value of 1.00 and minimum value of 0.00. The variable has a standard deviation of 0.42 which suggests that the value of the observation is spread across its mean value of 0.52. The skewness statistics of the variable is (1.29), suggesting that it is negative, while the kurtosis statistics of 2.68 suggests that the observation is leptokurtic in distribution. The Jaque-Bera statistics 16.20 with a probability value of 0.003 suggests that the HRD is not normally distributed at 5% level of significance.

Table 4.2: Correlations Analysis between ROA and Corporate Social Responsibility

	ROA	ED	HRD	CD
ROA	1.000000	0.012726	0.019728	-0.185631
ED	0.012726	1.000000	0.103147	-0.020933
HRD	0.019728	0.103147	1.000000	-0.020933
CD	-0.185631	-0.020933	-0.020933	1.000000

Source: econometric output, 2018

Table 4.2 indicates that there is a positive association between return on asset and corporate social responsibility of selected manufacturing companies in Nigeria. This implies that return on asset is associated with environmental development (ED). The study also reveals that return on asset has a weak positive relationship with human resource development of selected manufacturing companies in Nigeria. The study also found that return on asset has a weak negative relationship with community development of selected manufacturing companies in Nigeria.

Table 4.3: Correlations Analysis between ROE and Corporate Social Responsibility

	ROE	ED	HRD	CD
ROE	1.000000	-0.076364	-0.050283	-0.016952
ED	-0.076364	1.000000	0.103147	-0.020933
HRD	-0.050283	0.103147	1.000000	-0.020933
CD	-0.016952	-0.020933	-0.020933	1.000000

Source: econometric output, 2018

Table 4.3 indicates that there is a negative association between return on equity and corporate social responsibility of selected manufacturing companies in Nigeria. This implies that return on asset has a weak negative association with environmental development (ED). The study reveals that return on equity has a weak negative relationship with human resource development of selected manufacturing companies in Nigeria. The study also found that return on equity has a weak negative relationship with community development of selected manufacturing companies in Nigeria.

Table 4.4: Correlations Analysis between ROI and Corporate Social Responsibility

	ROI	ED	HRD	CD
ROI	1.000000	0.010557	-0.044394	-0.125565
ED	0.010557	1.000000	0.103147	-0.020933
HRD	-0.044394	0.103147	1.000000	-0.020933
CD	-0.125565	-0.020933	-0.020933	1.000000

Source: econometric output, 2018

The above table indicates that there is a positive association between return on investment and corporate social responsibility of selected manufacturing companies in Nigeria. This implies

that return on investment has a weak positive association with environmental development (ED). The study reveals that return on investment has a weak negative relationship with human resource development of selected manufacturing companies in Nigeria. The study also found that return on investment has a weak negative relationship with community development of selected manufacturing companies in Nigeria.

4.2 Test of Hypotheses

4.2.1 ROA and Corporate Social Responsibility of selected manufacturing companies in Nigeria

Table 4.5 Hausman Test

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	11.977363	3	0.0075

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
ED	0.413619	0.310859	0.031009	0.5595
HRD	0.226887	0.353221	0.084165	0.6632
CD	0.916590	-1.217126	0.636347	0.0075

Source: econometric output, 2018

The Hausman test indicates that fixed effect model is the most appropriate to random effect model given the probability value of less than 0.05. Thus, the null hypothesis which states that fixed effect model is more appropriate is accepted.

Table 4.6 Fixed Effect Model

Dependent Variable: ROA

Method: Panel Least Squares

Date: 08/31/18 Time: 10:18

Sample: 2007 2016

Periods included: 10

Cross-sections included: 6

Total panel (unbalanced) observations: 57

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	12.42130	2.616143	4.747944	0.0000
ED	0.413619	2.077274	0.199116	0.8430
HRD	0.226887	2.101097	0.107985	0.9145
CD	0.916590	2.053984	0.446250	0.6574

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.382181	Mean dependent var	13.46247
Adjusted R-squared	0.279211	S.D. dependent var	7.651172
S.E. of regression	6.495790	Akaike info criterion	6.724125
Sum squared resid	2025.374	Schwarz criterion	7.046712
Log likelihood	-182.6376	Hannan-Quinn criter.	6.849493
F-statistic	3.711582	Durbin-Watson stat	1.320518
Prob(F-statistic)	0.001905		

Source: econometric output, 2018

Decision Rule: 5% level of significance

Table 4.7: Panel Regression result of ROA and environmental development, community development and human resource development

Dependent Variable: ROA

Method: Panel Least Squares

Date: 10/08/18 Time: 16:04

Sample: 2007 2017

Periods included: 11

Cross-sections included: 6

Total panel (balanced) observations: 66

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ED	-0.781070	1.954878	-0.399549	0.6908
CD	8.849122	2.606504	3.395016	0.0012
HRD	1.847651	1.954878	0.945149	0.3482

R-squared	0.019977	Mean dependent var	9.721779
Adjusted R-squared	-0.011135	S.D. dependent var	5.939275
S.E. of regression	5.972250	Akaike info criterion	6.456514
Sum squared resid	2247.069	Schwarz criterion	6.556043
Log likelihood	-210.0649	Hannan-Quinn criter.	6.495843
Durbin-Watson stat	0.458579		

The Fisher-statistics (F) is 3.711582 which are associated with P statistic value of 0.0000 which suggested that the model is fit.

The coefficient of environmental development (ED) is negative (-0.781) and insignificant in achieving return on asset of selected manufacturing companies in Nigeria. The result indicates that environmental development will decrease by 78.0% for every 1% increase in return on asset of selected manufacturing companies in Nigeria. The p-value of 0.69 is more than the t-Statistic value of -0.399 and the standard error value of 1.95 is more than the t-statistic value which implies that there is insignificant relationship between environmental development and ROA of selected manufacture ng companies in Nigeria.

The coefficient of human resource development (HRD) is positive (1.84) and significant in achieving return on asset of selected manufacturing companies in Nigeria. The result indicates that human resource development will increase by 18.4% for every 1% increase in return on asset of selected manufacturing companies in Nigeria. The p-value of 0.0.348 is more than the t-Statistic value of 0.94 and the standard error value of 1.95 is more than the t-statistic value which implies that there is insignificant relationship between human resource development and ROA of selected manufacturing companies in Nigeria.

The coefficient of community development (CD) is positive (8.84) and significant in achieving return on asset of selected manufacturing companies in Nigeria. The result indicates that community development will increase by 88.4% for every 1% increase in return on asset of selected manufacturing companies in Nigeria. The p-value of 0.0012 is less than the t-Statistic value of 3.395 and the standard error value of 2.606 is less than the t-statistic value which implies that there is a significant impact of community development on the ROA of selected manufacturing companies in Nigeria.

4.2.2 ROE and Corporate Social Responsibility of selected manufacturing companies in Nigeria

Table 4.8 Hausman Test

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	17.581205	3	0.0005

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
ED	-0.174276	-0.845062	0.056352	0.0047
HRD	1.165830	0.630003	0.159036	0.1791
CD	7.483534	5.549657	1.257304	0.0846

The Hausman test shows that that fixed effect model is the most appropriate to random effect model given the probability value of less than 0,05. Thus, the null hypothesis which states that fixed effect model is more appropriate and accepted.

Table 4.9: Fixed Effect Model

Dependent Variable: ROE

Method: Panel Least Squares

Date: 08/31/18 Time: 10:24

Sample: 2007 2016

Periods included: 10

Cross-sections included: 6

Total panel (unbalanced) observations: 57

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	27.89498	5.531946	5.042526	0.0000
ED	-0.174276	4.392485	-0.039676	0.9685
HRD	1.165830	4.442858	0.262406	0.7941
CD	7.483534	4.343236	1.723032	0.0913

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.685090	Mean dependent var	33.12425
Adjusted R-squared	0.632605	S.D. dependent var	22.66113
S.E. of regression	13.73562	Akaike info criterion	8.221802
Sum squared resid	9056.034	Schwarz criterion	8.544389
Log likelihood	-225.3214	Hannan-Quinn criter.	8.347170
F-statistic	13.05305	Durbin-Watson stat	1.152577
Prob(F-statistic)	0.000000		

Source: econometric output, 2018

Decision Rule: 5% level of significance

The Fisher-statistics (F) is 13.05305 which are associated with P statistic value of 0.0000 which suggested that the model is fit.

Table 4.10: Panel Regression Result of ROE and Environmental Development, Community Development and Human Resource Development

Dependent Variable: ROE

Method: Panel Least Squares

Date: 10/08/18 Time: 16:11

Sample: 2007 2017

Periods included: 11

Cross-sections included: 6

Total panel (balanced) observations: 66

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ED	-5.935569	4.437552	-1.337577	0.1858
CD	26.64586	5.916736	4.503473	0.0000
HR	14.55630	4.437552	3.280253	0.0017

R-squared	0.194913	Mean dependent var	33.69919
Adjusted R-squared	0.169355	S.D. dependent var	14.87490
S.E. of regression	13.55695	Akaike info criterion	8.096064
Sum squared resid	11578.82	Schwarz criterion	8.195594
Log likelihood	-264.1701	Hannan-Quinn criter.	8.135393
Durbin-Watson stat	0.799540		

Source: econometric output, 2018

The coefficient of environmental development (ED) is negative (-5.93) and insignificant in achieving return on equity of selected manufacturing companies in Nigeria. The ROE result indicates that environmental development will decrease by 59.3% for every 1% increase in return on equity of selected manufacturing companies in Nigeria. The p-value of 0.18 is more than the t-Statistic value of -1.33 and the standard error value of 4.43 is more than the t-statistic value which implies that there is insignificant relationship between environmental development and ROE of selected manufacturing companies in Nigeria.

The coefficient of human resource development (HRD) is positive (14.55) and significant in achieving return on equity of selected manufacturing companies in Nigeria. The result denotes that human resource development will increase by 14.5% for every 1% increase in return on equity of selected manufacturing companies in Nigeria. The p-value of 0.000 is less than the t-Statistic value of 3.28 and the standard error value of 4.43 is less than the t-statistic value which implies that there is a significant relationship between human resource development and ROE of selected manufacturing companies in Nigeria.

The coefficient of community development (CD) is positive (26.6) and significant in achieving return on equity of selected manufacturing companies in Nigeria. The result indicates that community development will increase by 26.6% for every 1% increase in return on equity of selected manufacturing companies in Nigeria. The p-value of 0.000 is less than the t-Statistic value of 4.503 and the standard error value of 5.916 is more than the t-statistic value which implies that there is a significant relationship between community development and ROE of selected manufacturing companies in Nigeria.

4.2.3 ROI and Corporate Social Responsibility of selected manufacturing companies in Nigeria

Table 4.11 Hausman Test

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	31.908365	3	0.0000

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
ED	1.333856	0.361105	0.084198	0.0008
HRD	-0.185902	-1.015270	0.217333	0.0752
CD	1.206014	-2.256468	1.534081	0.0052

Source: econometric output, 2018

Decision Rule: 5% level of significance

The Hausman test indicates that fixed effect model is the most appropriate to random effect model given the probability value of less than 0,05. Thus, the null hypothesis which states that fixed effect model is more appropriate is accepted.

Table 12: Fixed Effect Model

Dependent Variable: ROI
Method: Panel Least Squares

Date: 08/31/18 Time: 10:34

Sample: 2007 2016

Periods included: 10

Cross-sections included: 6

Total panel (unbalanced) observations: 57

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	17.51421	3.106971	5.637069	0.0000
ED	1.333856	2.467003	0.540679	0.5912
HRD	-0.185902	2.495294	-0.074501	0.9409
CD	1.206014	2.439342	0.494401	0.6233

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.439940	Mean dependent var	19.11973
Adjusted R-squared	0.346597	S.D. dependent var	9.543708
S.E. of regression	7.714499	Akaike info criterion	7.068019
Sum squared resid	2856.647	Schwarz criterion	7.390606
Log likelihood	-192.4385	Hannan-Quinn criter.	7.193388
F-statistic	4.713144	Durbin-Watson stat	1.260175
Prob(F-statistic)	0.000264		

Source: econometric output, 2018

Decision Rule: 5% level of significance The Fisher-statistics (F) is 4.713144 which are associated with P statistic value of 0.0000 which suggested that the model is fit.

Table 4.13: Panel Regression result of ROE and environmental development, community development and human resource development

Dependent Variable: ROI
Method: Panel Least Squares
Date: 10/08/18 Time: 16:13
Sample: 2007 2017
Periods included: 11
Cross-sections included: 6
Total panel (balanced) observations: 66

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ED	0.245321	2.534681	0.096786	0.9232
CD	15.64791	3.379575	4.630143	0.0000
HRD	2.116722	2.534681	0.835104	0.4068

R-squared	0.011077	Mean dependent var	17.58050
Adjusted R-squared	-0.020317	S.D. dependent var	7.666094
S.E. of regression	7.743578	Akaike info criterion	6.975994
Sum squared resid	3777.669	Schwarz criterion	7.075524
Log likelihood	-227.2078	Hannan-Quinn criter.	7.015323
Durbin-Watson stat	0.719280		

The coefficient of environmental development (ED) is positive (0.24) and insignificant in achieving return on investment of selected manufacturing companies in Nigeria. The ROI result denotes that environmental development will increase by 24% for every 1% increase in return on investment of selected manufacturing companies in Nigeria. The p-value of 0.92 is more than the t-statistic value of 0.096 and the standard error value of 2.53 is more than the t-

statistic value which implies that there is insignificant relationship between environmental development and ROI of selected manufacturing companies in Nigeria.

The coefficient of human resource development (HRD) is positive (2.11) and insignificant in achieving return on investment of selected manufacturing companies in Nigeria. The result indicates that human resource development will decrease by 21% for every 1% increase in return on investment of selected manufacturing companies in Nigeria. The p-value of 0.406 is less than the t-Statistic value of 0.83 and the standard error value of 2.53 is more than the t-statistic value which implies that there is insignificant relationship between human resource development and ROI of selected manufacturing companies in Nigeria.

The coefficient of community development (CD) is positive (15.6) and significant in achieving return on investment of selected manufacturing companies in Nigeria. The result revealed that community development will increase by 15.6% for every 1% increase in return on investment of selected manufacturing companies in Nigeria. The p-value of 0.000 is less than the t-Statistic value of 4.63 and the standard error value of 3.37 is less than the t-statistic value which implies that there is a significant relationship between community development and ROI of selected manufacturing companies in Nigeria.

Table 4.14 Post Estimation

Variance Inflation Factors

Date: 08/31/18 Time: 09:22

Sample: 2007 2016

Included observations: 57

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	3.85E+11	248.2431	NA
ED	2127701.	31.08701	2.411514
HRD	2.15E+14	114.1641	1.184010
CD	0.011329	5.125912	1.913329

Source: econometric output, 2018

The VIF for ED, HRD and CD are 2.41, 118 and 1.81 respectively. This shows that the VIF are less than 10 respectively. Thus, the study concluded that there is no problem of multicollinearity. However, multicollinearity exists only when VIF is greater the10.

Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	0.126353	Prob. F(3,6)	0.67013
Obs*R-squared	0.613111	Prob. Chi-Square(3)	0.7515
Scaled explained SS	1.119148	Prob. Chi-Square(3)	0.6516

Source: econometric output, 2018

The Breusch Pegan Test of Heteroskedasticity given the observed R-squared of the auxiliary regression and its corresponding P-value of 0.6516 shows that there is no problem of heteroskedasticity in the work.

4.3 Discussion of Findings

From the analysis carried out above, it revealed that environmental development has insignificant effect on financial performance of manufacturing firms in Nigeria. Human resource development and community development has significant effect on financial performance on manufacturing firms in Nigeria. The findings lends credence to the study of Han, Kim, Yu, (2016), Oba (2009), Brown and Hackett (2006), Enahoro, Akinyomi and Olutoye (2013), Isa (2014), Uwuigbe (2012), Oba et al (2012), and Clarkson et al (2010). The study is in line with the stake holder theory.

Hypothesis 1: the study revealed that environmental development has insignificant effect on ROA of selected manufacturing companies in Nigeria. The study too reveals that human resource development has significant effect on ROA of selected manufacturing companies in Nigeria. Also, the study found that community development has significant effect on ROA of selected manufacturing companies in Nigeria.

Hypothesis 2: the study revealed that environmental development has insignificant effect on ROE of selected manufacturing companies in Nigeria. The study too reveals that human resource development has insignificant effect on ROE of selected manufacturing companies in Nigeria. Also, the study found that community development has significant effect on ROE of selected manufacturing companies in Nigeria.

Hypothesis 3: the study revealed that environmental development has insignificant effect on ROI of selected manufacturing companies in Nigeria. The study too reveals that human resource development has insignificant effect on ROI of selected manufacturing companies in

Nigeria. Also, the study found that community development has significant effect on ROI of selected manufacturing companies in Nigeria.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

This study examines the effect of corporate social responsibility on the financial performance of selected quoted manufacturing firms in Nigeria. It provides a general background on corporate social responsibility and manufacturing firms highlighting the problem studied, the objective that drive the study, the hypotheses tested and importance of embarking on the study.

The study also revealed the conceptual work on corporate social responsibility focusing on reasons for its existence, argument for or against the concept and its measurement as recognized in literatures. It also reviewed some empirical which found a significant relationship, insignificant relationship and mixed result (some variables are significant while others are insignificant) between corporate social responsibility and financial performance. Finally, the chapter two looks at relevant theories to the study with emphasis on stakeholders theory was adopted.

The study focused on the methodologies employed for the research work and adopted ex-post facto research design .The population for the study is the 94 manufacturing firms, the sample size is 6 manufacturing firms and judgmental sampling techniques was used to select manufacturing firms. It applied the panel regression technique to determine the impact of corporate social responsibility on the financial performance of this selected manufacturing firms.

Data were presented, discussed and interpreted. The result obtained were analyzed and discussed. The findings are environmental development has insignificant effect on ROA of selected manufacturing companies in Nigeria. The study revealed that there is significant effect of human resource development on ROA of selected quoted manufacturing companies in Nigeria. Also, the study concluded that there is significant effect of community development on ROA of selected manufacturing companies in Nigeria. There is insignificant effect of environmental development on ROE of selected quoted manufacturing companies in Nigeria. The study revealed that there is significant effect of human resource development on ROE of selected quoted manufacturing companies in Nigeria. Also, the study also concluded that there is significant effect of community development on ROE of selected quoted manufacturing companies in Nigeria. There is insignificant effect of environmental development on ROI of selected quoted manufacturing companies in Nigeria. The study also revealed that there is insignificant effect of human resource development on ROI of selected quoted manufacturing companies in Nigeria. Also, the study concluded that there is significant impact of community development on ROI of selected quoted manufacturing companies in Nigeria.

It was concluded that Corporate Social Responsibility has significant effect on financial performance of manufacturing firms in Nigeria and recommends that manufacturing firms should do more.

5.2 Conclusion

In the light of the findings the study concludes that:

Environmental development has insignificant effect on ROA of selected quoted manufacturing companies in Nigeria. The study concludes that there is significant effect of human resource development on ROA of selected quoted manufacturing companies in Nigeria. Also, the study concluded that there is significant impact of community development on ROA of selected quoted manufacturing companies in Nigeria. There is insignificant effect of environmental development on ROE of selected manufacturing companies in Nigeria. The study concluded that there is significant effect of human resource development on ROE of selected manufacturing companies in Nigeria. Also, the study also concluded that there is significant effect of community development on ROE of selected manufacturing companies in Nigeria.There is insignificant effect of environmental development on ROI of selected quoted manufacturing companies in Nigeria. The study also concludes that there is insignificant effect of human resource development on ROI of selected quoted manufacturing companies in Nigeria. Also, the study concluded that there is significant effect of community development on ROI of selected quoted manufacturing companies in Nigeria.

5.3 Recommendations

Based on the result of this research, the following recommendations are made:-

i. The outcome of environmental development on the financial performance of most of the selected quoted manufacturing firms remain insignificant in terms of effect, they should still invest in the environment to mitigate the effect of environmental

degradation, pollution and hazard. The selected manufacturing companies should spend funds in the environment to correct defects and damages cause by their activities.

ii. Since human resources development has significant effect on the financial performance of the selected quoted manufacturing firms, manufacturing firms should embark on human resource investment to enhance employees' performance. Because of the role played by human resource in enhancing productivity in any organization, the selected companies should spend on her employees in terms of training and development to enable them add value to the organization.

iii. Community development revealed significant effect on financial performance on selected quoted manufacturing firms in Nigeria, they should invest in this area to create harmonious effect and avoid any act that may attract community unrest. It is therefore recommended that these selected companies should carry the community where they operate along to create friendly environment for their business and the community.

5.4 Limitation of the study

In the course of conducting this study the major impediments to the effective conduct of the study is access to data. Some of the manufacturing firms annual report were not available on their web site. There was also a case of missing data as evidenced in Dangote cement plc annual report where their annual statement from 2007 to 2009 was not available.

5.5 Suggestion for Further Study

This study only focus on some selected quoted manufacturing companies. Future researches can embark on the study of all manufacturing companies in Nigeria to see how CSR impact on the financial performance of the whole sector.

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APPENDIX I

Annual Report of Selected Manufacturing Companies 2007-2016

YEAR	Company	Exchange Sector	CD	HR	EN	ROA	ROE	ROI	Log of Total

									Asset
2007	Presco	Agriculture	1	0	1	0.80	1.90	9.33	6.67
2008	Presco	Agriculture	1	1	0	11.88	26.40	20.03	6.75
2009	Presco	Agriculture	1	1	1	3.16	9.13	5.86	6.88
2010	Presco	Agriculture	1	1	1	14.84	31.13	20.30	6.87
2011	Presco	Agriculture	1	1	1	7.20	38.30	12.28	7.40
2012	Presco	Agriculture	1	1	0	12.45	20.41	14.95	7.45
2013	Presco	Agriculture	0	0	1	4.09	7.69	8.34	7.51
2014	Presco	Agriculture	1	1	1	7.46	13.05	10.83	7.54
2015	Presco	Agriculture	1	1	1	4.18	7.64	8.87	7.74
2016	Presco	Agriculture	1	1	0	26.14	41.70	38.37	7.92
2007	Okomu Oil Palm	Agriculture	0	0	1	1.99	4.38	4.63	6.85
2008	Okomu Oil Palm	Agriculture	0	1	1	15.50	28.19	17.61	6.89
2009	Okomu Oil Palm	Agriculture	0	1	1	6.89	12.62	10.28	6.90
2010	Okomu Oil Palm	Agriculture	0	1	1	18.80	27.78	23.80	6.94
2011	Okomu Oil Palm	Agriculture	0	1	1	16.79	20.64	20.48	7.37
2012	Okomu Oil Palm	Agriculture	1	1	1	11.56	14.06	14.63	7.49
2013	Okomu Oil Palm	Agriculture	1	1	1	6.96	9.25	9.08	7.48
2014	Okomu Oil Palm	Agriculture	1	1	1	5.01	6.69	7.32	7.49
2015	Okomu Oil Palm	Agriculture	0	1	1	13.12	21.81	16.59	7.30
2016	Okomu Oil Palm	Agriculture	0	1	1	20.04	28.86	29.59	7.39

Annual Report of Selected Manufacturing Companies 2007-2016

YEAR	Company	Exchange Sector	CD	HR	EN	ROA	ROE	ROI	Log of Total Asset
2007	Nestle Nig	Consumer	1	1	1	25.61	87.26	39.96	7.33

2008	Nestle Nig	Consumer	1	1	1	28.57	92.25	40.91	7.46
2007	Unilever Nig	Consumer	1	1	1	6.37	25.77	12.54	7.31
2008	Unilever Nig	Consumer	1	1	1	11.05	38.86	19.04	7.37
2009	Unilever Nig	Consumer	1	1	1	17.29	49.90	33.35	7.37
2010	Unilever Nig	Consumer	1	1	0	16.12	50.15	25.07	7.41
2011	Unilever Nig	Consumer	1	1	1	17.10	41.29	23.48	7.51
2012	Unilever Nig	Consumer	1	0	1	15.34	39.52	22.46	7.56
2013	Unilever Nig	Consumer	1	1	1	10.99	49.87	18.38	7.64
2014	Unilever Nig	Consumer	1	1	0	5.27	32.26	10.46	7.66
2015	Unilever Nig	Consumer	1	1	1	2.38	14.90	9.85	7.70
2016	Unilever Nig	Consumer	1	1	1	4.24	26.28	9.43	7.86
2009	Nestle Nig	Consumer	1	1	1	22.11	92.79	35.77	7.65
2010	Nestle Nig	Consumer	0	1	1	20.88	84.78	31.48	7.78
2011	Nestle Nig	Consumer	1	1	1	21.22	71.07	28.15	7.89
2012	Nestle Nig	Consumer	0	1	1	23.76	61.83	30.24	7.95
2013	Nestle Nig	Consumer	0	1	1	20.57	54.83	26.06	8.03
2014	Nestle Nig	Consumer	0	1	1	20.96	61.87	28.05	8.03
2015	Nestle Nig	Consumer	0	1	1	19.91	62.45	28.68	8.08
2016	Nestle Nig	Consumer	0	1	1	4.67	25.67	25.01	8.23

Annual Report of Selected Manufacturing Companies 2007-2016

YEAR	Company	Exchange Sector	CD	HR	EN	ROA	ROE	ROI	Log of Total Asset
2007	Lafarge Cement Wapco Nig	Industrial	1	1	1	21.12	48.99	26.42	7.70
2008	Lafarge Cement Wapco Nig	Industrial	1	1	1	18.22	27.81	21.47	7.79
2009	Lafarge Cement Wapco Nig	Industrial	1	1	1	6.37	11.57	11.64	7.90
2010	Lafarge Cement Wapco Nig	Industrial	1	1	1	4.12	11.28	7.14	8.07
2011	Lafarge Cement Wapco Nig	Industrial	1	1	1	5.66	15.40	8.77	8.18
2012	Lafarge Cement Wapco Nig	Industrial	1	1	1	9.68	21.52	17.54	8.18
2013	Lafarge Cement Wapco Nig	Industrial	1	1	1	17.55	30.40	19.60	8.21
2014	Lafarge Cement Wapco Nig	Industrial	1	1	1	11.33	20.34	14.64	8.49
2015	Lafarge Cement Wapco Nig	Industrial	1	1	1	5.96	15.33	8.82	8.66
2016	Lafarge Cement Wapco Nig	Industrial	1	1	1	3.36	6.79	-1.46	8.70
2010	Dangote Cement	Industrial	1	1	1	26.52	50.40	25.94	8.60
2011	Dangote Cement	Industrial	0	1	1	23.06	41.81	22.65	8.72
2012	Dangote Cement	Industrial	0	1	1	22.55	36.17	22.10	8.83
2013	Dangote Cement	Industrial	0	1	1	23.86	36.58	24.25	8.93
2014	Dangote Cement	Industrial	0	1	1	16.20	26.95	22.10	8.99
2015	Dangote Cement	Industrial	0	1	1	16.32	28.12	21.84	9.05
2016	Dangote Cement	Industrial	1	1	1	12.21	23.41	14.81	9.18

APPENDIX II

COMPOSITE CSR DISCLOSURE ITEMS

This disclosure was obtained from the study of Fodio, Abdissamad and Oba (2013) adapted from Lanis and Richardson (2011).

Corporate and CSR strategy items

1 Corporate mission
2 Code of ethics/business conduct
3 CSR strategy statements
4 Record of complaints
5 Relationship with clients
6 Impact on work practice
7 Impact on suppliers
8 Corporate governance statements

Staff strategy items

9 Staff training
10 Staff career development
11 Staff diversity
12 Staff protection (EEO, safety and security)
13 Compliance with labor standards
14 Employees' ownership
15 Staff communication
16 General staff appointment policy
17 Executive appointment policies
18 Major appointments for the year
19 Breakdown of employees by geographical
20 Breakdown of employees by line of business
21 Breakdown of employees by level of qualifications

22 Breakdown of employees by ethnic origin

23 Discussion of employees' welfare

24 Information on accidents at workplace

25 Monitoring of staff and employees work relation policy

26 Implement of employees mission statement

Social investment items

27 Social commitment statement

28 Value of social investment and charitable work

29 Assistance to charities and NGOs

30 Community sponsorship (financial support)

31 Staff volunteering

Environment items

32 Environmental protection statement

33 Does the firm recognize environmental protection objectives?

34 Do they measure their performance against the objectives?

35 Greenhouse gas emissions policy

36 Energy consumption

37 Water consumption

38 Paper recycling

39 Ink recycling

Customer and supplier items

40 Statement of internal control

41 Value added statement

42 Product safety statement

43 Improvement in product quality

44 Improvement in customer service

45 Distribution of marketing network for finished products

46 Customer award /ratings received

Community and political involvement items

47 Participation in government social campaign

48 Community programs (health and education)

49 KPIs linked to CSR (social, community, and environment)

50 Assigned specific responsibility

51 Policies on lobbying and political donations

52 Charity/pro-bono work